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May 22, 1998

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
1919 M Street, NW, Room 222
Washington, D.C. 20554

RE: Written Ex Parte
Applications by BellSouth Telecommunications, Inc. and BellSouth Long Distance, Inc. for Provisioning of In-Region, interLATA Service in Louisiana, CC Docket No. 97-231

Dear Ms. Roman Salas:

AT&T provided the following documents to Jake Jennings of the Common Carrier Bureau's Policy and Program Planning Division:

1) Hearing Transcripts from the Massachusetts Department of Telecommunications and Energy in the matters titled Bell Atlantic Arbitrations, DPU Nos. 96-73, 96-75, 96-80/81, 96-83 & 96-94, Vol. Nos. 33 and 34 dated May 1, 1998 and May 15, 1998 respectively specifically concerning recombinations of unbundled network elements.

Two copies of this Notice are being submitted to the Secretary of the FCC in accordance with Section 1.1206(a)(1) of the Commission's rules.

Sincerely,

Robert W. Quinn, Jr.

Attachments

cc: J. Jennings

In The Matter Of:

DPU 96-73/74, 96-75, 96-80/81, 96-83, 96-94
Bell Atlantic - Arbitrations

Hearing Volume Number 34
May 15, 1998

** FRITZ & SHEEHAN ASSOCIATES, INC. **
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VOL. 34, PAGES 1-176
COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY
DPU 96-73/74
DPU 96-75
DPU 96-80/81
DPU 96-83
DPU 96-94
CONTINUED PUBLIC HEARING held at the Leverett Saltonstall Building, 100 Cambridge Street, Boston, Massachusetts, on May 15, 1998, commencing at 10:03 a.m., concerning:
BELL ATLANTIC - ARBITRATIONS
SITTING: Paul Levy, Arbitrator
Paul Vasington, Commissioner
Joan Foster Evans, Hearing Officer
Douglas Denny-Brown, Legal Division
APPEARANCES:
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[1] May 15, 1998 10:03 a.m.

[2] PROCEEDINGS

[3] MR. LEVY: Good morning. This is the [4] consolidated arbitrations of Bell Atlantic, Sprint, [5] MCI, AT&T, Brooks Fiber, and Teleport. We're [6] continuing with our discussion of issues [7] surrounding combination of unbundled network [8] elements, and today we are to hear testimony from [9] AT&T and MCI witnesses.

[10] Mr. Jones?

[11] MR. JONES: I had just one [12] preliminary matter, to save a cover letter. Hot [13] off the presses in Vermont is a proposal for [14] decision regarding the legal issues, Federal [15] preemption relating to UNE-P, and I would like to [16] submit copies of that to the Bench and anyone else [17] who —

[18] MR. BEAUSEJOUR: Mr. Jones is of [19] course free to submit whatever he likes to the [20] Bench. However, the Bench has already ruled on the [21] issue.

[22] MR. JONES: With that, we'll call Mr. [23] Falcone to the stand. He's anticipated that call, [24] and he's arrived.

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[1] MR. LEVY: Mr. Falcone, welcome [2] back. Why don't you restate for the record your [3] name and your position with the company.

[4] THE WITNESS: My name is Robert V. [5] Falcone, and I'm a division manager with AT&T's [6] local services division.

[7] ROBERT V. FALCONE, Previously Sworn [8] DIRECT EXAMINATION [9] BY MR. JONES:

[10] Q: And Mr. Falcone, you have testified here [11] on the UNE-P issue back in December; isn't that [12] correct?

[13] A: That is correct.

[14] MR. JONES: Mr. Levy, Mr. Falcone has [15] prepared an opening statement, which at this point [16] I would ask him to deliver.

[17] MR. LEVY: Please do.

[18] A: I guess the theme of my opening statement [19] is, for this Commission — for you, Mr. Levy, and [20] for this Commission to make an informed decision on [21] the issue facing you, you need to have all the [22] facts. Oftentimes, my experience is, having a [23] partial story is almost as bad, if not worse, than [24] having a false story, because you think you have

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[1] all the facts, and you really don't.

[2] We heard from a number of Bell [3] Atlantic witnesses a few weeks ago, and I think [4] what we heard from those witnesses in many cases [5] was a partial story — not that it wasn't a [6] truthful story, just that it was a partial story, [7] What I'd like to do is, if I may, refer to exactly [8] what they told you and even give cites from the [9] transcript, quotes that they told you, and kind of [10] fill in the blanks, if I may.

[11] The first Bell Atlantic partial [12] story — this is from Witness Brown, Transcript [13] Page 9, two quotes. The first one, " Contrary to [14] the claims of others, the UNE platform is simply a [15] substitute for resale of BA's retail service." [16] Close quote. Second, on the same page, further on, [17] the platform, quote, "provides a clear case of [18] uneconomic arbitrage." Close quote.

[19] The full story: If I understand [20] arbitrage, it's when you buy the same thing for a [21] different price and you use that different price, [22] the variances in the price, to get an economic [23] advantage. The case that I'm most familiar with [24] that's often cited is when one buys securities on

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[1] two different exchanges, the same security, like [2] IBM, but there's a slight variance in price on the [3] Pacific Exchange from the New York Exchange, and [4] they'll use that slight variance in price to buy [5] the same thing for their economic gain.

[6] Let's contrast this to what we're [7] doing here. We're buying the platform of unbundled [8] elements, something that is very different than [9] total-services resale. We're buying a different [10] product. When a CLEC buys the platform, the CLEC [11] gets to provide a full range of services, including [12] exchange access, to its end users and to the IXCs. [13] The CLECs get to provide for innovative pricing [14] plans, especially with respect to features, because [15] they get everything at cost-based rates, rather [16] than a discount off of the resale rate. They get [17] to provide innovation, especially through use of [18] AIN capabilities, which we cannot do with resale.

[19] The platform will often cost more. [20] One thing that I think came out which was incorrect [21] is that the platform, because other than the loop [22] element and the switch-port element, all the other [23] elements are usage-based components, they're billed [24] on a usage basis. So they will often cost more

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[1] than resale.

[2] So, with resale I know that I'm going [3] to get the prescribed discount off of the retail [4] rate, and I know what my outlay is each month. [5] When I buy the platform or any other CLEC buys the [6] platform, they have no idea what the outlay is each [7] month because there's a lot of usage-based [8] components, and it

depends on the calling [9] characteristics, both receiving calls and making [10] calls, of their end users.

[11] The next Bell Atlantic partial story, [12] a quote from Witness Brown, Transcript Page 11:

[13] "The company has proposed various alternatives for [14] CLECs to combine individual UNEs through reasonable [15] and cost-effective means." Close quote. First, [16] let me fill in the blanks and give the full story. [17] Let's take the one alternative off the table [18] immediately, and that's the extended-link service. [19] Extended-link service does not allow the [20] combination of loops and switch ports. Witness [21] Stern admitted that in her testimony, that for a [22] CLEC to combine a switch port and a loop, the CLEC [23] must collocate in every central office. With that [24] option off the table, we're left with three other

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[1] options: physical collocation, virtual collocation [2] using the CON-X equipment, and the assembly room.

[3] Each of these options is not an [4] option. They all entail some form of collocation, [5] and with each of these options the CLECs still [6] suffer and the CLECs' customers still suffer all [7] the same harm that I testified to back in December, [8] those being, real quickly, unnecessary service [9] outages, unnecessary degradation of service, [10] unnecessary costs, unnecessary delay to market [11] entry, unnecessary extensive manual processes that [12] Bell Atlantic itself doesn't incur, unnecessary [13] restrictions on the number of customers that can [14] change their local-service provider because of all [15] those manual processes, and the fact that some [16] customers may even be precluded from changing their [17] local-service provider because of the loop [18] technology that they're on — specifically, [19] integrated digital-loop carrier technology.

[20] The next Bell Atlantic partial story, [21] a quote from Witness Brown, Transcript Page 41:

[22] "If the CLEC wants to buy UNEs, they've got to at [23] least participate in that and put the link and port [24] together." Close quote. Also Witness Brown,

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[1] Transcript Page 47, "We do not believe we're being [2] unreasonable in asking carriers to participate in [3] the provision of UNEs by making the connection." [4] Close quote.

[5] This to me highlights Bell Atlantic's [6] real motive here, because the CLECs are not making [7] any connections. If you recall the diagram — and [8] I have it here with me, and I could hand some out, [9] if you like. The diagram that you used back in [10] December: Bell Atlantic has proposed and said that [11] we could prewire all of our connections on [12] collocated space here. Once we prewire that, we [13] develop the space, put in the prewired connection. [14] What we basically have is this daisy chain of [15] connections or this giant U-turn that starts at the [16] MDF, goes all the way through the frame, makes that [17] turn through the collocated space, back through our [18] space, and back to where it started from.

[19] When we get customers, who makes the [20] connections to connect the customer's loop to that [21] daisy chain of connections? Bell Atlantic's [22] technicians. The CLEC is really combining nothing [23] here. They're just going through the expense to [24] put in all these connections so that Bell Atlantic

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[1] could then manually rip apart the network and [2] connect the customer's line to the tie cable going [3] down to the collocated space and connect the [4] customer's port to the tie cable coming from the [5] collocated space.

[6] **MR. JONES:** Could I interject, Mr. [7] Levy? The diagram that Mr. Falcone was referring [8] to is part of Exhibit AT&T Combinations 2. I think [9] it was Figure 2 —

[10] **THE WITNESS:** It is Figure 5.

[11] **MR. JONES:** — in that exhibit that [12] was previously marked.

[13] **MR. LEVY:** Thank you.

[14] **A:** The next Bell Atlantic partial story: [15] The CON-X device that we saw demonstrated is an [16] acceptable alternative for combination of elements [17] when CLECs virtually collocate. And I don't have [18] the specific transcript reference, because there [19] were numerous transcript references. The full [20] story here: The CON-X device adds no value. If we [21] were able to prewire a frame in our secure space, [22] why would we not be able to prewire a frame in [23] unsecure space? Bell Atlantic recognized that they [24] have a problem here with virtual collocation, in

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[1] that some of the problems with physical collocation [2] would be removed, some of those problems being the [3] delay to establish all the physical-collocation [4] arrangements and the cost of establishing those [5] arrangements, if we were able to just prewire these [6] connections in any Bell Atlantic space.

[7] So they had to come up with an [8] alternative, to not allow for this prewiring in a [9] virtual arrangement, and that alternative was to [10] have the delay and the cost of putting this CON-X [11] equipment in. Because it makes no sense — there [12] is no value to me to have that CON-X equipment [13] should I be living with this collocation [14] arrangement if I were able to simply prewire the [15] stuff in the central office.

[16] CON-X equipment, at Transcript Page [17] 63: The CON-X fellow, I believe his name was [18] Kennedy, the witness, represented the CON-X device [19] as new technology. I've been in this business [20] since 1970. Electromechanical technology was [21] removed from AT&T's network, and I would venture to [22] guess from all of Bell Atlantic's network, at least [23] ten years ago. Electromechanical switching, [24] electromechanical devices, were the core of the

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[1] network when I started in 1970. I don't know of an [2] electromechanical switch in any of — there [3] certainly is none in AT&T's network. I would [4] venture to say there's none in Bell Atlantic's [5] network. This is not new technology. It is a step [6] backwards in technology time. Electromechanical [7] devices are dinosaurs.

[8] Finally, if the CON-X device is as [9] efficient as Bell Atlantic represents, then I think [10] a solution that would put the CLECs at parity with [11] Bell Atlantic is: Why would Bell Atlantic not wish [12] to replace their MDFs with this device, and then we [13] could all have equal access to the device and there [14] would be no manual work required by any Bell [15] Atlantic technicians or any AT&T technicians?

[16] So I would think if the device is [17] that good — which it's not, and I'm not proposing [18] Bell Atlantic do that, because the device is old [19] technology. It may have some utility in some [20] remote locations where they're not staffed, with [21] one of these devices, but not for what Bell [22] Atlantic is proposing it for.

[23] The next Bell Atlantic partial [24] story. Recent change is not a viable alternative

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[1] for developing — the recent change is not a viable [2] alternative for combining the elements, is the [3] general theme of these quotes. A quote from [4] Mr. Albert at Transcript Page 21: "It is not [5] combining the loops through a switch port." [6] Another quote from Mr. Albert at Transcript 170:

[7] "You cannot use the capability of the switch to [8] unbundle anything. That capability does not [9] disconnect the loop from the switch port." Another [10] Mr. Albert quote, Page 25: "Given enough time and [11] enough money, I suppose it

could be done, but it's [12] not cheap, and it's not fast." Close quote. And [13] finally, the last quote from Mr. Albert: "I don't [14] have an estimate on it," estimate on the [15] development required. And the quote, "We've had [16] some preliminary discussions with vendors. We're [17] talking more than a year, and we're talking big [18] bucks." Close quote.

[19] The full story: The recent-change [20] capabilities of the unbundled switch disconnect the [21] functionality of the loop as efficiently as if I [22] went to the frame and ripped those cross- [23] connections off the frame. The loop is no longer [24] functional. If I do a recent change in the switch

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[1] and, say, suspend or disconnect the customer's [2] service, that customer can no longer make or [3] receive phone calls. That customer no longer has [4] dial tone — just, again, as if I physically ripped [5] the things apart.

[6] When Mr. Albert talked about enough [7] time and enough money and he doesn't have an [8] estimate on it, preliminary discussions with [9] vendors, more than a year and big bucks: I've had [10] a lot more than preliminary discussions with [11] vendors. I've talked to CommTech, which is the [12] vendor of the MACSTAR system, personally and [13] extensively myself in three separate meetings. The [14] CommTech manufacturer of the MACSTAR system that [15] Bell Atlantic uses says that that system in no more [16] than six months' time and for no more than $3 [17] million could be modified to allow CLECs to do [18] recent changes in the Bell Atlantic switches on [19] their lines, providing the same firewall protection [20] that Bell Atlantic allows to their Centrex users. [21] So we're not talking big bucks. $3 million to you [22] and me are big bucks, but in the scheme of things [23] $3 million is not big bucks and we're not talking a [24] lot of time here.

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[1] I want to make clear with recent [2] change: Nothing makes more sense than leaving [3] together the elements. We have a customer who [4] wants to do nothing more than change their local- [5] service provider, and Bell Atlantic claims that [6] they have the legal right to rip things apart just [7] to make that happen. AT&T's position, and I [8] believe others that you'll be hearing from's [9] position, is that nothing makes more sense than to [10] leave those things together. However, should this [11] Commission find that the CLECs have to combine [12] things themselves, based on what the Eighth Circuit [13] did, what I'm proposing is recent change is a much [14] more procompetitive way of doing that than what [15] Bell Atlantic is proposing with their various [16] collocation alternatives.

[17] Just a few more partial stories: [18] Bell Atlantic states that testing and quality will [19] not be affected by any of their proposals, and [20] that's in the transcript from Pages 29 to Page 35. [21] First, let me state: Mr. Albert testified that he [22] has frame experience, as I do, and he talked about [23] the fact that making these extra connections [24] doesn't add any harm.

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[1] First off, I note Mr. Albert and I [2] have testified in many states around the country, [3] and I know Mr. Albert has testified in other states [4] that his first job out of Virginia Tech College was [5] in a management position, as an operations [6] planner. So I don't doubt Mr. Albert has any [7] experience doing cross-connections, but I would [8] venture that, considering management people are not [9] allowed to do cross-connections, that experience is [10] during a strike-duty assignment, which would be [11] very limited experience.

[12] I, on the other hand, started at AT&T [13] as a communications technician, have eight years of [14] experience as a communications technician. My very [15] first job was frameman, and for six to eight months [16] all I did, day in, day out, was run cross- [17] connections on the frame. Other jobs I had as a [18] communications technician after being frameman, as [19] a switchman, was troubleshooting problems on [20] circuits and oftentimes found those problems were [21] due to faulty connections on the frame. So I have [22] extensive experience.

[23] What I'm testifying here is what [24] intuitively you know, but my experience is backing

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[1] your intuition: Anytime a human being has to [2] physically make a connection of wires on a frame or [3] physically do anything, whether that connection is [4] made via solder connections; via wire wraps, as [5] Mr. Albert states they do now; via push pins, which [6] is a new technology; the fact of the matter is the [7] solder connections aren't made correctly sometimes, [8] the wire wraps are not made correctly sometimes — [9] they may be connected to the wrong place. They [10] might not be wire-wrapped correctly and getting [11] enough wraps around, maybe loosely connected.

[12] The bottom line is, human beings make [13] mistakes. Bell Atlantic's policy introduces a [14] great deal of human effort into this thing. Recent [15] change and our policy eliminates all that.

[16] Bell Atlantic's next partial story, a [17] quote from Mr. Albert, Page 35 of the transcript:

[18] "We make lots of connections. We connect lots of [19] wires. We do it every day, and we're good at it. [20] It's as basic as brushing your teeth." Close [21] quote. Mr. Albert in the same part of his [22] testimony gave examples of Centrex customers moving [23] to PBXs or PBX customers moving to Centrex service [24] or special circuits or unbundled loops. This is

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[1] clearly a case of apples and oranges. I as a [2] customer — the Bank of Boston doesn't wake up one [3] day and say, "Hey, let's get rid of our PBX and [4] we'll make it a Centrex service. Let's call Bell [5] Atlantic and do that." What they do is, they call [6] Bell Atlantic and say, "We want to replace our PBX [7] with Centrex service." Bell Atlantic makes a [8] special project. They know where all of Bank of [9] Boston's lines are. They have an interval for [10] doing that. They prewire everything, and on the [11] date of the cutover it's a coordinated, orderly [12] effort, with the manpower in place to make sure it [13] can get done.

[14] Let's contrast to a competitive [15] environment. We're going to advertise, should we [16] be in the market, throughout the State of [17] Massachusetts, in the magazines, in the newspapers, [18] on television programs, on the radio. Bell [19] Atlantic nor AT&T nor MCI has any idea which [20] customers are going to take advantage of our offer, [21] where they are, how many they're going to be [22] initially, and they're going to be from all over [23] the state. There's no preplanning that can be [24] done; there's no prewiring that can be done, as the

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[1] case is of Mr. Albert's examples of Centrex [2] customers moving to PBX or vice-versa. Also, Mr. [3] Albert gave the example of unbundled loops. [4] Currently, if my numbers are right, there are 2500 [5] unbundled loops in this state. Over, I guess, [6] three to four years, I would not really consider [7] that robust competition. If they can't wire those [8] in correctly over that time frame, God help them [9] and us.

[10] So I think my point here is truly an [11] apples-to-oranges comparison to what we need in a [12] truly competitive environment.

[13] Two more, if I could beg your [14] tolerance. Bell Atlantic's partial story: CLECs [15] cannot have prewired blocks on the frame because, [16] quote, "you're going to have a greater number of [17] blocks on Bell Atlantic's frame, which is going to [18] clog up potentially a number of our frames." [19] Transcript Page 58,

Mr. Albert.

[20] Mr. Levy, this was in answer to a [21] question that you asked, on why couldn't they have [22] prewired blocks, instead of being in collocated [23] space, be right on the MDF? And that was Mr. [24] Albert's answer. The fact of the matter is,

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[1] there's going to be an equal number — I agree with [2] Mr. Albert, there will be more blocks on the [3] frame. But there are going to be more blocks on [4] the frame whether they're prewired or they're not [5] prewired, and there are going to be the same amount [6] of blocks on the frame whether they're prewired or [7] not prewired.

[8] If I think I'm going to get 5,000 [9] customers in a central office and I need this daisy [10] chain of connections to get my 5,000 customers, I [11] have to have enough blocks on this frame to support [12] 5,000 lines going into my collocated space and [13] 5,000 lines coming out of my collocated space. [14] What difference if those blocks are not prewired or [15] they're prewired, strapped together here or not [16] strapped together? It's going to take up the same [17] amount of space on the frame.

[18] The last Bell Atlantic partial [19] story: Service quality is not affected because of [20] these extra connections. And the quote from Mr. [21] Albert is on Transcript Page 29 — not a quote; I'm [22] just going to paraphrase. Mr. Albert said that a [23] call from Boston to San Francisco goes through as [24] many as 70 to 100 connections.

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[1] First off, if Mr. Albert really [2] believes that, I think we're doing him injustice [3] keeping him out of long-distance business. But [4] secondly, this is another case of apples to [5] oranges. A call from San Francisco to Boston truly [6] goes through a number of connections, may go [7] through a couple of switches to find its way here. [8] However, those connections are made electronically [9] by digital switches with preestablished [10] connections, no human intervention. The days of [11] having Mabel on the cord board saying, "Hold on, [12] Mr. Levy. Let me make your connection to Boston," [13] and plugging in are gone. This is all done [14] electronically, in contrast to the manual [15] connections we're talking about, of connecting all [16] these wires on the frame, which require human [17] beings for every loop. There's truly no comparison [18] here.

[19] Let me close up here. There are many [20] other partial stories that Bell Atlantic told [21] during that session two weeks ago. I tried to pick [22] these just to highlight Bell Atlantic's true [23] motive. Their true motive here is, they don't want [24] to see the CLECs use the platform to compete with

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[1] them. CLECs have made it clear. The only way [2] you're going to get widespread competition [3] throughout this state or any state is through use [4] of the unbundled-network-element platform. Bell [5] Atlantic recognizes that, and they're going to [6] great pains to block us from doing that.

[7] The fact is, if Bell Atlantic truly [8] just wants to engage in spite work here, because [9] they claim it is their legal right to do so, it [10] shows their motive of they really don't want [11] competition, they're not serious about having [12] competition here. All they want to do is maintain [13] their local monopoly and get into the long-distance [14] business.

[15] If CLECs had to find themselves in a [16] mode of combining, AT&T's approach to Bell Atlantic [17] as late as, it was the Tuesday before Thanksgiving, [18] because I was involved in the meeting, asking Bell [19] Atlantic that, "We have better ways of doing this. [20] We understand what the Eighth Circuit Court did. [21] We understand your position. We think it stinks. [22] We have a better way. We'd like to talk to you." [23] And Bell Atlantic has refused to talk to us about [24] the recent-change capability. To this day, they

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[1] still have not sat at the negotiation table to [2] discuss it with us. Their policy is, collocate or [3] no-go — and right now it's no-go.

[4] Again, if they're truly interested in [5] opening up their local-market competition, they [6] should demonstrate this by their actions and either [7] not engage in the spite work of ripping things [8] apart and taking customers out of service, simply [9] because they think the Eighth Circuit Court allows [10] them to do that, or if we find ourselves in that [11] position, to work with the CLECs to find a more [12] reasonable way of combining the elements other than [13] their proposals.

[14] Thank you for your patience.

[15] **MR. JONES:** I have a couple of [16] additional questions for Mr. Falcone, if that would [17] be okay.

[18] **MR. LEVY:** Of course.

[19] **MR. JONES:** Mr. Levy, do you have [20] available to you the exhibits?

[21] **MR. LEVY:** I don't have that one with [22] me.

[23] **MR. JONES:** I'll provide a copy to [24] the Bench.

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[1] **Q:** Mr. Falcone, just a couple of questions, [2] to be sure our record is as clear as it can be. Do [3] you have in front of you the diagram that you [4] referred to in your presentation, which is a part [5] of what had previously been marked as AT&T [6] Combinations 2? Specifically, I'm interested in [7] Figure 1 and Figure 5.

[8] **A:** Yes, I've got them.

[9] **Q:** Am I correct that the diagram that you [10] referred to in your presentation was Figure 5 of [11] that exhibit?

[12] **A:** That's the diagram that represents what [13] the condition of the CLECs will be based on Bell [14] Atlantic's proposals.

[15] **Q:** Just so we're clear, that's the one you [16] were referring to during the course of your [17] presentation?

[18] **A:** Yes, that's correct.

[19] **Q:** This shows the interconnections, [20] cross-connections that are required to achieve [21] physical collocation in a central office where the [22] physical collocation will be required to pass [23] through intermediate distribution frames, in [24] addition to connecting the main distribution frame

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[1] and the collocation space. Is that accurate?

[2] **A:** That is accurate. It would also [3] represent, if I may, if you could just use your [4] imagination, Bell Atlantic's assembly-room [5] arrangement, except that this would not be [6] physically collocated space, it would just be the [7] assembly-room frame. It also represents the [8] virtual-collocation arrangement. In lieu of the [9] collocation space with that prewired connection in [10] there, you'd have that CON-X robot device in [11] there. But the same daisy chain of connections are [12] involved whichever three flavors you choose.

[13] **Q:** Would you go back to Figure 1 of that [14] exhibit.

[15] **A:** Yes, sir.

[16] **Q:** And just tell us what Figure 1 [17] represents.

[18] **A:** Figure 1 represents the majority of how [19] Bell Atlantic's loops are connected to Bell [20] Atlantic switchboards. There are cases, to make [21] the record complete, where Bell Atlantic may run [22] some of these loops in large central offices [23] through an IDF. I don't have that figure with me, [24] but just to make the record clear. But that is

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[1] more the exception than the rule. This is the rule [2] of how Bell Atlantic's loops are connected to Bell [3] Atlantic's switch ports.

Q: Because it is part of the exhibit, and I would like this to be clear, let me show you Figure 2 of the exhibit. Does that show the existing configuration with IDF interconnections, intermediate connections?

A: That is the one I was referring to that I didn't bring with me.

Q: Looking at Figure 1 of Exhibit AT&T Combinations 2, what additional equipment, if any, would be required to be inserted in this diagram under the UNE-platform approach?

A: None whatsoever.

Q: What additional equipment would be required to be inserted in this picture under the recent-change approach?

A: None whatsoever.

Q: Does the recent-change functionality that currently is employed by Bell Atlantic for its own purposes permit the complete disconnection of any switch functionality from a particular link?

A: Yes. If I could clarify, to make sure

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we're all together.

Q: Yes.

A: Yes, if I could perform recent change — Bell Atlantic today, who has unrestricted recent change, could go up on any link and remove the functionality of the switch from that link.

Q: Can it remove all of the functionality from that link?

A: They could do it one of two ways. They could remove all of the functionality from the link, where there would be no dial tone and there would be no incoming calls allowed to the former phone number, or they could do it in a manner that allows for what's known as soft dial tone or warm dial tone, that allows customers to make limited outgoing calls — and generally the limit is 911 and to the service bureau, the Bell Atlantic service bureau.

Q: You anticipated my next question: Soft or warm dial tone is also sometimes referred to as left-in dial tone; is that correct?

A: That's correct. And again, left-in dial tone removes all the functionality of the loop, with the exception of allowing the customer one or

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two types of phone calls.

Q: And Bell Atlantic employs the recent-change methodology to dictate whether a particular loop is left with either no dial-tone functionality whatsoever or soft dial-tone functionality? Is that how they do it?

A: That's how they do it. And generally, in Bell Atlantic's practice today, as is the case with every incumbent LEC's practice, the policy is wherever possible not to rip out any physical connections if a customer disconnects service. The idea is, when some customer moves from their home or apartment, somebody is going to come in behind that customer and move into that home or apartment and want service. So Bell Atlantic removes the former customer's service via the recent-change process and installs the new customer's service via the recent-change process.

Q: And if we inject a CLEC into that scenario, so that the customer wants to convert service from Bell Atlantic to a CLEC, with access to the recent-change functionality, is it the case that Bell Atlantic could turn off that customer's — turn off the switch functionality on

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that customer's loop, and a CLEC, if it had access to the recent-change functionality, could turn that functionality back on?

A: That's exactly right.

Q: And that could all be done by software, without any physical intervention other than the person operating the computer software?

A: Well, actually, if it's developed proper, with the proper flows through as Bell Atlantic has for themself, there wouldn't even be somebody operating the computer software; it would all be triggered by the provisioning process. So once the agent took the order from the CLEC — the CLEC agent took the order and sent the order over to Bell Atlantic, the rest of it should just flow through, with no human intervention at all.

Q: And just so we're clear in one place: In your opinion, is that option superior to any of the physical- or virtual-collocation options that Bell Atlantic has advocated?

A: Vastly superior. As I've testified before, that option eliminates the delay involved with collocation. It eliminates the cost of collocation. It eliminates all the manual

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intervention, all the additional manual connections that need to be made, all the human error that would go along with that, the additional loop lengths that are involved. You heard it all, on and on.

Q: Thank you, Mr. Falcone.

MR. JONES: I have no further questions.

MR. LEVY: Thank you. Mr. Beausejour or Mr. Werlin, would you like a few minutes?

MR. BEAUSEJOUR: I'd appreciate that. Thank you.

MR. LEVY: Let's take a ten-minute break.

(Recess taken.)

MR. LEVY: Let's go back on the record. Mr. Beausejour?

MR. BEAUSEJOUR: Mr. Levy, I have a couple of questions for Mr. Falcone. But also we have our witnesses, Ms. Stern and Mr. Albert, available today. I thought that after Mr. Falcone is finished and Ms. Guariglia is finished, that they could provide whatever additional comments they have concerning both of the witnesses'

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testimony.

MR. LEVY: I think that would be a good idea. I'm trying to figure out what's rebuttal and what's direct here. I think Mr. Falcone and Ms. Guariglia are still offering direct. So your testimony at that point becomes rebuttal. I think they at that point are entitled to surrebuttal, and then you at that point are entitled to rejoinder.

MR. BEAUSEJOUR: We'll make a lawyer of you yet, Mr. Levy.

MR. LEVY: I hope not.

MR. SALINGER: I fear we have.

MR. LEVY: A little scary; combining economics and law, as you know, is a dangerous thing.

Go ahead with your questions.

MR. BEAUSEJOUR: Thank you.

CROSS-EXAMINATION

BY MR. BEAUSEJOUR:

Q: Good morning, Mr. Falcone.

A: Good morning.

Q: Mr. Falcone, you indicated that it was important that the Department have facts in order

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to make an informed decision; correct?

A: Absolutely.

Q: What decision do you think the Department is making at this stage of the proceeding? In other words, what's the issue before the Department?

A: Are you trying to make a lawyer out of a technician?

MR. JONES: Let me object. Mr.

Falcone can give his understanding of what the [11] issue is, and it's not a lawyer's opinion.

[12] MR. LEVY: Fine. We'd welcome your [13] opinion.

[14] A: My opinion is that we had a hearing back [15] in December on how network elements would be [16] combined. At that time Ms. Stern provided Bell [17] Atlantic's position. I presented AT&T's position. [18] My understanding is, the Commission came out and [19] said, "Go negotiate. We don't believe Bell [20] Atlantic's way of doing things is the right way. [21] Go negotiate something." AT&T tried to negotiate [22] something with Bell Atlantic. Bell Atlantic came [23] back with its collocation or nothing. And we're [24] here today to find out what something may be other

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[1] than collocation.

[2] Q: And that's for the purpose of providing [3] access to the individual network elements, so that [4] AT&T or another CLEC can combine them; is that [5] correct?

[6] A: That's for the purpose of how network [7] elements will be combined.

[8] Q: By AT&T or a CLEC; correct?

[9] A: Either that, or should the Commission [10] decide that they have the authority under state law [11] to order you to keep things combined that are [12] already combined.

[13] Q: And your RCMAC testimony, that's your [14] view of how AT&T should be permitted to combine the [15] individual link and port UNEs?

[16] A: If the CLECs find themselves in a [17] position where this Commission, or even the Supreme [18] Court, if it gets that far, decides that the Eighth [19] Circuit Court ruling will stand and CLECs have to [20] combine elements for themselves, then my testimony [21] is certainly recent change is a much more efficient [22] way to do that from a CLEC's standpoint, from a [23] customer's standpoint, and frankly from a Bell [24] Atlantic standpoint.

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[1] Q: With respect to the RCMAC, you mentioned [2] that you had discussions with a CommTech [3] representative.

[4] A: That's correct.

[5] Q: Who was that representative?

[6] A: Actually, there were two CommTech [7] employees. One gentleman's name is Frank Loria. [8] Could I follow up with the name of the second? I [9] can't recall it off the top of my head.

[10] MR. LEVY: We'll take that as Record [11] Request Combinations 15.

[12] (RECORD REQUEST.)

[13] Q: When did that discussion take place?

[14] A: If you need exact dates, I would have to [15] do that as a record request, also.

[16] Q: Just a time frame.

[17] A: A time frame would have been around [18] December we started those discussions. The formal [19] discussions, the last one was probably in March. I [20] most recently spoke to the CommTech representatives [21] on the phone last week.

[22] Q: Do you have any documentation that you [23] provided to CommTech regarding the recent-change [24] system?

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[1] A: Other than public things like the Eighth [2] Circuit Court ruling, and just getting them up to [3] speed on kind of the history, no. Most of this was [4] done very informally, in a conference room, drawing [5] pictures on the wall, explaining our proposal and [6] getting their input as to how either existing [7] systems may be modified or a new system may be [8] deployed to accomplish the task.

[9] Q: Has CommTech provided you with any [10] written documentation regarding their conclusions?

[11] A: No, they haven't.

[12] Q: Are you aware of the fact that the [13] MACSTAR system is only one of the systems that Bell [14] Atlantic uses in Massachusetts for recent change?

[15] A: Yes, based on Mr. Albert's testimony, [16] MACSTAR is one of two. The other one was a [17] Bellcore product. I believe the acronym is CCRS —[18] looking to Mr. Albert nodding.

[19] MR. ALBERT: That's it.

[20] A: And based on our discussions with [21] CommTech, their product, MACSTAR, or a sister [22] product called FastFlow, has the capability of [23] interfacing with every switch technology Bell [24] Atlantic has deployed in the Massachusetts

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[1] network. So it's not an issue of not being able to [2] work with the switch technology.

[3] We've had cursory discussions with [4] Bellcore, but Bellcore was not going to go into any [5] great detail with us, other than to say that they [6] believe they can work with us to do similar [7] modifications to their system. But Bellcore was [8] looking for consulting fees. So before we got in [9] depth in those discussions, we didn't really go any [10] further with Bellcore.

[11] Q: I don't think we've defined it anywhere [12] on the record: What is an unbundled link? Give us [13] your definition.

[14] A: Unbundled, in the history, kind of a term [15] of art in the telecommunications industry, in my [16] mind, and I think in the industry's mind until the [17] Eighth Circuit Court came along, was something that [18] could be purchased separately from another item. [19] Let me give an example, a better way to describe [20] this.

[21] Back in the — I'm going to get the [22] time frame wrong; I don't think it's important — [23] late '70s, early '80s, the FCC came out with a [24] ruling that said that customer-premises equipment

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[1] should be unbundled from the network, meaning that [2] you could provide your own telephones in your [3] house. When that ruling came along, at the time [4] there was no Bell Atlantic. At the time AT&T, New [5] Jersey Bell, Massachusetts Bell, didn't roll trucks [6] to people's houses to physically rip the phone out [7] and say, "Here's your unbundled phone, Mr. Jones. [8] Now figure out how to reconnect it." What they did [9] was, they unbundled the pricing of the phone from [10] the pricing of local service. So that I then as a [11] consumer had the choice of purchasing my phone from [12] Bell Atlantic on a lease month by month or saying [13] to Bell Atlantic, "Hey, I don't want to buy your [14] phone. Here it is. Take it back. I'm going to go [15] to Sears and buy somebody else's phone and plug it [16] in."

[17] That, to me, is unbundling. That has [18] always been the definition of unbundling. I [19] believe that's what the Act and the FCC meant by [20] unbundling, meaning that the network components are [21] priced separately and I have the ability to [22] purchase them as I want, either buy them [23] individually as a loop or I can buy the loop and [24] the switch port. It doesn't mean physically

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[1] ripping things apart.

[2] Q: Well, doesn't an unbundled link refer to [3] a physical facility that has an originating and a [4] terminating point?

[5] A: An unbundled link is the functionality of [6] a physical facility, just as, going back to my [7] example, the unbundled customer-premises equipment [8] is a physical thing: the telephone and the wires [9] inside the house.

[10] Q: But a link — when AT&T orders an analog [11] link from Bell Atlantic, it expects it to have one [12] terminating point, perhaps at a customer's [13] premises, and another terminating point at a [14] central office; correct?

[15] A: In that example, in some cases

we're [16] buying a thing, like a link. When I buy unbundled [17] switching or unbundled signaling or unbundled [18] shared-transport, I'm not buying a thing, I'm [19] buying a functionality.

[20] **Q:** I'm just talking about an unbundled [21] link.

[22] **A:** But you started the question with [23] unbundling, and there are a lot of things that are [24] unbundled.

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[1] **Q:** I'm talking now just about a link.

[2] **A:** When I buy an unbundled link there is an [3] end point, one at the central office and the other [4] end point is the customer premises.

[5] **Q:** Where in the central office does an [6] unbundled link terminate?

[7] **A:** I guess I would answer that: Depending [8] on the technology of that link, if it were an [9] analog link, it terminates on the main distribution [10] frame. If it were an integrated digital-loop [11] carrier link, the first next place that link has an [12] appearance is in the switch.

[13] **Q:** You were prefacing an earlier comment by [14] saying "by definition of the FCC." I assume you [15] were going to say, "An unbundled link is [16] something." What's your understanding —

[17] **A:** I believe the FCC defined the unbundled [18] link, an analog unbundled link, as terminating on [19] the MDF. But again, there are digital-loop-carrier [20] links that don't have an appearance in the central [21] office, that the next place you could find that [22] customer's line is in the switch.

[23] **Q:** If AT&T is ordering purely an unbundled [24] port, what is your understanding of what AT&T will

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[1] order in that instance?

[2] **A:** May I ask a clarifying question?

[3] **Q:** Yes.

[4] **A:** I have my own loop in this case, and I [5] want to plug it into a Bell Atlantic port?

[6] **Q:** Correct.

[7] **A:** In that case I am purchasing the [8] unbundled switch from Bell Atlantic.

[9] **Q:** Where does AT&T under the FCC's rules [10] gain access to that unbundled switch?

[11] **A:** I believe the FCC definition of the [12] unbundled switch includes all the features, [13] functionalities, and capabilities. Switch, [14] including the line port, the trunk ports, and all [15] the switch software.

[16] **Q:** If AT&T were to provide its own loop [17] facility, where would AT&T obtain access to the [18] Bell Atlantic unbundled switch port?

[19] **A:** Physically?

[20] **Q:** Yes.

[21] **A:** We would have established collocated [22] space. I don't know if we'd ever run into this —[23] but we'd have established collocated space, [24] probably. We would deliver to that collocated

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[1] space. Then the loop would go up to your main [2] distribution frame, and we would access a port on [3] your main distribution frame, if we were buying an [4] analog port.

[5] **Q:** If we were just talking now about [6] unbundled switch ports, access to unbundled switch [7] ports would be as — you'd expect to obtain access [8] in the manner you just described?

[9] **A:** I never gave this a lot of thought. But [10] yes, off the top of my head, that's the way I would [11] see it, yes.

[12] **Q:** Could you think of any other means by [13] which you could gain access to an unbundled switch [14] port, other than as you've just described?

[15] **A:** If I were buying a DS1 port, I would [16] bring a DS1 facility — for example, a customer [17] that had a PBX may have not analog loops but a DS1 [18] facility. And if I didn't have my own switch, I [19] wanted to use yours, I would bring a DS1 facility [20] through your central office, connect that through [21] your digital cross-connection frame, and get a DS1 [22] switch port.

[23] **Q:** You also testified, I believe, that the [24] only way to get widespread competition in

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[1] Massachusetts is through the platform; is that [2] correct?

[3] **A:** That is certainly AT&T's position. I [4] believe that's the position of many of my fellow [5] CLECs. And I think the marketplace is bearing that [6] out. There is facilities-based competition today, [7] but it is truly a niche competition for the [8] downtown-business market. No LEC, no CLEC, nobody [9] has enough money and enough time to duplicate the [10] Bell Atlantic facilities to serve the customers in [11] the suburbs and the rural areas and the small [12] businesses. The only way we could get off the [13] ground to do that is through the purchase of the [14] unbundled components of the incumbent's network, [15] and then, as the CLEC's market share grew, replace [16] those components with their own.

[17] **Q:** Has AT&T prepared — have you seen any [18] analysis prepared by AT&T which considers the [19] economics of entering the Massachusetts market [20] through the UNE platform?

[21] **A:** I have personally not seen that, no.

[22] **Q:** Are you aware of any analysis that exists [23] at AT&T that considers the analysis of entering the [24] Massachusetts market through the UNE platform?

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[1] **A:** I suspect or am quite sure that analysis [2] has been done. I think — and I'm going by memory [3] here. I believe there is an issue in this state [4] with the price of the unbundled elements that we're [5] also concerned with, that going into the market [6] entails three things really: the ability to have [7] access to the unbundled elements at a reasonable [8] price, both recurring and nonrecurring, and to have [9] the operations-support system in place to allow us [10] to order them and have flow-through. So it's [11] really a three-tier thing. We're here today to [12] talk about one of those three tiers, the ability to [13] combine the network elements, which we don't really [14] have today, based on Bell Atlantic's policy.

[15] **Q:** I'd make a record request for any [16] analysis that AT&T has about the economics of [17] entering the Massachusetts market through the UNE [18] platform.

[19] **MR. JONES:** I would object to that [20] record request, Mr. Levy. It obviously would [21] request — I don't know the status of the existence [22] or availability of such analyses. But it would [23] obviously request confidential business-planning [24] documents from AT&T, which I would suggest are of

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[1] limited, if not no, relevance to the immediate [2] issue that's before the Department for purposes of [3] completing this arbitration process and completing [4] an interconnection agreement between AT&T and Bell [5] Atlantic.

[6] **MR. LEVY:** Let me respond in this [7] way: If AT&T or one of the other CLECs is as part [8] of their argument in this case making the case that [9] certain types of entry are not economical or are [10] economical and using that as a justification for a [11] certain conclusion that you would like the [12] Commission to reach, in the absence of some kind of [13] quantitative or substantive information supporting [14] that assertion, the assertion is basically just [15] that it's an unsupported assertion and would not [16] carry very much weight. Now, there may be other [17] arguments that AT&T and the other CLECs might wish [18] to make on this point.

[19] So I guess I throw it back to you and [20] say: In light of what I've just said, in my [21] opinion based on what I've heard

here, if you want [22] to make as part of your case that kind of economic [23] or business argument, if you want to make it in an [24] unsupported way, it won't carry much weight, at

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[1] least in my opinion today, which would leave you [2] with perhaps other arguments that you might wish to [3] make.

[4] **MR. BEAUSEJOUR:** Mr. Levy, Mr. [5] Falcone testified — we could have the stenographer [6] look through the testimony, but this is a pretty [7] fair paraphrase — that the only way to get [8] widespread competition in Massachusetts is through [9] the platform.

[10] **MR. LEVY:** And that's really what I'm [11] responding to. To the extent that AT&T and MCI and [12] the other carriers wish to make that argument and [13] have it be perceived by the Department as a [14] substantive argument as opposed to, frankly, just a [15] statement without support, I think the kind of [16] information Mr. Beausejour is asking for is [17] relevant.

[18] I frankly would leave it to you to [19] decide which way you want it. In my view, it's got [20] to be one way or the other.

[21] **MR. JONES:** Let me suggest: Could we [22] record this as a record request? It's a little [23] bit, in my mind, silly to argue in the abstract, at [24] least I feel a little bit silly arguing in the

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[1] abstract. Let me find out what the facts are, and [2] then we will respond and take into account in [3] responding to what you've just said, to which we [4] will give weight.

[5] **MR. BEAUSEJOUR:** Of course it would [6] be provided under protective agreement.

[7] **MR. LEVY:** Of course.

[8] **MR. MANDL:** Just an additional [9] observation, since you mentioned MCI as well: I [10] think what Mr. Falcone testified to was that the [11] UNE-P platform does not involve many of the costs [12] which Bell Atlantic would impose through [13] collocation and multiple cross-connection [14] activity. There is plenty of evidence in the [15] record about what those costs are, and those costs [16] are avoided under the approach that he's [17] recommended. Irrespective of what the UNE-P [18] platform costs are, there's an immense level of [19] costs that are avoided.

[20] **MR. LEVY:** I take that as a truism, [21] that additional costs are in fact additional [22] costs. But that really wasn't the heart of what [23] this record request got to. This record request [24] got to Mr. Falcone's assertion as to the level of

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[1] competition that would likely occur under different [2] scenarios. That's really what my comments were [3] addressed to.

[4] I understand that there are different [5] levels of costs involved in providing service to [6] CLECs using different arrangements. It's the [7] impact of that which was the thrust, I think, of [8] Mr. Falcone's remark.

[9] So, Mr. Jones, we'll wait to hear [10] back to you on that record request.

[11] **(RECORD REQUEST.)**

[12] **Q:** Mr. Falcone, have you examined the Bell [13] Atlantic position statement that was filed on April [14] 17th?

[15] **A:** I need to ask a clarifying question.

[16] **Q:** Certainly. I'm getting more questions [17] from you than I think I've gotten from any witness [18] lately.

[19] **MR. LEVY:** And they're very good [20] questions, too.

[21] (Laughter.)

[22] **A:** Was the position statement the document [23] that explained each of the scenarios under which [24] CLECs could combine the elements?

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[1] **Q:** Yes.

[2] **A:** I did read that prior to coming to the [3] May 1st hearing. I haven't read it since then. [4] So, yes.

[5] **Q:** Have you seen any analysis that analyzes [6] the costs AT&T might incur if it were to obtain [7] unbundled link and port UNEs in Massachusetts [8] through the proposals that Bell Atlantic is [9] making?

[10] **A:** I could tell you that I've seen analysis [11] that was done on the physical collocation [12] arrangement in other states, and the costs were [13] astronomical — New Jersey, Maryland, [14] Pennsylvania. What I can tell you is, in this [15] state, whether it's through physical collocation, [16] whether it's through the assembly room, or whether [17] it's through CON-X, regardless of what the costs [18] are, they're all unnecessary costs. As a matter of [19] fact, I don't mind saying it here on the record: [20] In a session we had in New Jersey, that the New [21] Jersey board brought MCI, AT&T, and Bell Atlantic [22] together to try to negotiate something, I on the [23] record in New Jersey said, even if Bell Atlantic [24] were giving collocation away for free, we would not

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[1] use it, because cost is only one aspect of why this [2] doesn't work. The real problem with your method is [3] all the manual work, all the gating of the [4] cutovers, and all the harm to the customer that [5] AT&T and its brand name doesn't want to impose upon [6] its customers.

[7] **Q:** So the answer to my question is, you have [8] not seen any such analysis.

[9] **A:** No, I have not. Sorry for the long-[10] winded answer.

[11] **Q:** Yes, that was nonresponsive, but that's [12] beside the point.

[13] **MR. JONES:** We'll let Mr. Levy [14] declare what's responsive and what isn't.

[15] **MR. LEVY:** Thank you.

[16] **MR. BEAUSEJOUR:** Mr. Levy, I have no [17] further questions.

[18] **MR. LEVY:** Thank you.

[19] **EXAMINATION**

[20] **BY MR. LEVY:**

[21] **Q:** I have one or two, Mr. Falcone. I'd like [22] to explore a little bit the distinction you make [23] between using the UNE platform and resale. This [24] goes way back, to the beginning of these

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[1] proceedings, where the CLECs were very intent on [2] ensuring that the resale discount would be larger [3] rather than smaller, if I can put it that way.

[4] The clear sense I got at the time was [5] that they cared about that because they wanted to [6] use resale as a way of entering the Massachusetts [7] market.

[8] **A:** Yes.

[9] **Q:** Are you suggesting now that your company [10] does not view resale as a way of entering the [11] Massachusetts market?

[12] **A:** Without a doubt. I think it's even well- [13] documented by both AT&T's chairman, Mr. Armstrong, [14] and our chief operating officer, Mr. Ziegler, that [15] AT&T will not use resale to enter any markets, and [16] suspended resale in any markets that we were in, [17] because it was just not working. We were losing [18] too much money on every single customer we had. If [19] I may, I guess way back when, the strategy AT&T had [20] was resale was a stopgap to get into the market [21] quickly. We thought it would be an easy way to [22] start building up a customer base, with a migration [23] to the platform or facilities-based or a [24] combination of both. The platform is not something

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[1] that's on the horizon, based on all the roadblocks [2] being put up in front of it. Resale inflicts too [3] much pain financially. So AT&T's position is that [4] we

were not going to come into the local market [5] with resale.

[6] **Q:** I'm trying to square what you just said [7] about resale imposing too much financial pain with [8] your earlier statement today, that the UNE platform [9] can actually be more expensive than resale.

[10] **A:** Sure, and I can answer that easily. [11] Let's contrast it. Let me do resale first.

[12] Resale is nothing more than the CLEC [13] becoming a marketing agent for all of Bell [14] Atlantic's high-income products. Why do I say [15] that? With resale, all the CLEC gets to do is at a [16] discount resell Bell Atlantic's local service. The [17] CLEC does not get the revenue opportunity that Bell [18] Atlantic has for access services, which is a [19] high-margin revenue opportunity. They don't get [20] the high-margin revenue opportunity that they get [21] for features, that they do with a platform.

[22] **Q:** "Features" meaning?

[23] **A:** The vertical features of the switch. All [24] we get is the feature at the prescribed discount.

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[1] It's important to know that the [2] features at the switch are pure profit for any [3] CLEC. I don't have any features on my home phone [4] because I know that in New Jersey Bell Atlantic [5] charges like $4 a month for call-waiting and it [6] costs Bell Atlantic probably 2 cents to provide [7] that to me. That galls me — besides the fact that [8] I obviously didn't want the first call that came [9] in, never mind getting the second call.

[10] So, until there's competition and the [11] feature prices come down to something reasonable, [12] those things are pure profit. In resale, we just [13] get the discount off of local service. They get [14] all the access revenues. They still get all the [15] high margins on the features. They still get the [16] subscriber line charge. And we become the [17] marketing agent for their products.

[18] If I were Bell Atlantic, I would want [19] to resell every single one of my customers to a [20] CLEC, because I lose all my customer-care [21] headaches, I lose all my billing headaches, I lose [22] all my uncollectible headaches, and yet I make all [23] the high margin on the things that are profitable [24] for me: features, subscriber-line charge, and

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[1] access. When I buy the unbundled elements, I now [2] buy a virtual network —

[3] **Q:** Before you go to unbundled elements —

[4] **A:** Sure.

[5] **Q:** I understand your point that Bell [6] Atlantic makes a profit on resale. As I recall our [7] costing methodology with regard to resale, that was [8] intended, that result was intended. In other [9] words, there was no intent for Bell Atlantic to [10] lose money on resale.

[11] **A:** Right.

[12] **Q:** It was intended that it would offer the [13] service at a cost equal to what it would cost to [14] provide that service at wholesale, as opposed to [15] retail.

[16] **A:** Right.

[17] **Q:** What you're saying now, though, is a [18] slightly different thing, which is that, [19] notwithstanding the 29 percent discount that [20] Massachusetts set for resale, your company can't [21] offer resale and make money on it, or has chosen [22] not to relative to other options. Which is it?

[23] **A:** I'm not the cost guy. But based on input [24] I've had, it's the former, that we cannot offer

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[1] resale and make money.

[2] I think the best way for me as a [3] noncost person to explain this is: The resale [4] discount is based on avoided cost. I believe [5] that's how it was done in this state. Simple [6] logic — not being a cost guy, but simple logic: [7] Their avoided costs become my real costs. So if [8] they no longer have the marketing costs, I have the [9] marketing costs; they no longer have the billing [10] costs, I have the billing costs. But this is a [11] volume business. They have the volumes; I don't [12] have the volumes. So the approximate per-unit cost [13] for me is significantly more than the per-unit cost [14] for them to do the marketing and the billing and [15] the customer care, and all the things that they [16] avoided I now have to do.

[17] AT&T's experience in doing resale — [18] and don't quote me — in six to ten states, and I [19] could get you a list of which they are, is that [20] we've lost money in every case . Finally our [21] chairman came in and said, "Stop. That's enough. [22] We're not going to do this any more."

[23] **Q:** Let's contrast that with the UNE platform [24] and explain why that's worth doing.

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[1] **A:** With the UNE platform AT&T becomes the [2] full-service provider for that end user. There's [3] additional revenue opportunities. I guess the [4] bottom line —

[5] **Q:** Stop right there. Before you go to the [6] additional revenue opportunities, can we compare [7] the things that are the same between the UNE- [8] platform type of service and the resale type of [9] service? For example, your marketing costs are the [10] same, more or less; right?

[11] **A:** I would guess, yes.

[12] **Q:** I'm talking orders of magnitude here. I [13] understand there would be differences. There was a [14] term you used before, let's call it customer care [15] and feeding. That presumably would be the same; [16] correct?

[17] **A:** Yes.

[18] **Q:** So what changes?

[19] **A:** Actually, if I may, while we're on those [20] lines: I would even say with the UNE platform our [21] costs are somewhat greater upfront, because along [22] with those things we now have the obligation of [23] billing access, so we have to have the back-office [24] systems and develop the relationships with the

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[1] other IXCs, so that we can render them access bills [2] and collect those access —

[3] So there are some other, additional [4] costs that we have with the UNE platforms that we [5] don't have with resale, your interconnection [6] agreements that we have to have with UNE platforms [7] that we don't have with resale.

[8] What's different is the opportunity [9] for additional revenues. First of all, access; [10] Instead of paying Bell Atlantic access, if it's an [11] AT&T local to AT&T long-distance, AT&T local [12] effectively pays AT&T long distance access. It [13] goes from the right pocket to the left pocket. If [14] it's access using MCI or Sprint or some other — if [15] our customer is receiving a call from MCI or Sprint [16] or picks MCI or Sprint as their long-distance [17] carrier, we get to bill them access, and there are [18] additional revenue opportunities.

[19] The subscriber-line charge that's [20] billed to the end user each month: In resale we [21] collect that from our end user and turn around and [22] give that money to Bell Atlantic. When we're [23] buying the unbundled-element platform, because we [24] bought the components of Bell Atlantic's network,

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[1] we're entitled, according to the law, to keep that [2] money. So that's additional revenue opportunity.

[3] **Features:** Because these features are [4] dirt cheap, and when we buy the unbundled switch [5] they're in there — it's kind of like Prego's [6] tomato sauce: It's all in there. We bought the [7] unbundled switch. We're paying for it whether we [8] use it or not. We now could package those [9] features. We could do different things with those [10] features. Maybe we charge our cus-

tomers the same thing Bell Atlantic charges. I don't think that's what competition is all about, but maybe we try to get the same $4 for call-waiting that Bell Atlantic is getting and then AT&T will have customers like me who are not going to take it.

Q: Why couldn't you have done that under resale?

A: Let's use my $4 call-waiting. Under resale, I'm paying $3.20, so there's some room. But in UNE, with the unbundled-element platform, I'm paying nothing. I bought the unbundled switch. I'm paying nothing. It's in there, in the price. So now I have $4 of margin to play with, as opposed to 80 cents of margin to play with, to

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offer my customer something.

That's basically it: There's additional revenue opportunities that Bell Atlantic has. It puts us on an equal playing field with Bell Atlantic. There's extra revenue opportunities that we have with the platform that we don't have with resale.

Q: But you also mentioned that it puts you at risk to the usage of the customer because you're paying on a per-minute basis for the customer's usage.

A: If we have a customer who has teenagers at home, making and receiving a great deal of phone calls, it may cost us more to provide local service to that customer than if we used resale to that customer, yet we still have additional revenue opportunities with that customer, and that's a risk that AT&T is willing to take.

EXAMINATION

BY COMMISSIONER VASINGTON:

Q: A couple of questions. If the margins are going to stay the same whether you keep the customer on a UNE basis or whether the customer stays with Bell Atlantic, what's the point, then,

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of having local competition?

A: I didn't say that at all. If I did, I didn't mean to say that. That was not how I meant to characterize it. Let's use a feature, call- waiting, $4 margin today. It costs $4, give or take a penny, the margin on that is probably $3.95, pure profit to Bell Atlantic. Their quarterly reports — I'm diverting for a second. If you read their quarterly reports, they'll say in their quarterly reports that the reason their profits are doing so good this quarter is because of second lines and more acceptance of features. High margin.

Now AT&T gets in the market. All of a sudden we're trying to compete with Bell Atlantic. MCI is in the market. Others are in the market. We have to differentiate our service. What's the easiest, best, quickest way to differentiate our service is price.

With resale, there's not a lot of opportunity to differentiate with price because there's not a lot to play with. There's not a lot of room there. With UNEs I have $4 to play with. All of a sudden for that same $4 I might say to my

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customers, "Hey, along with call-waiting, we're going to throw in three-way calling and something else." Or, instead of doing that, we might just lower the price to something. The opportunity is there to do it with the platform. The opportunity is not there to do that with resale.

Q: Those margins that are currently in their retail rates, those were approved by regulators, generally speaking. Would that be correct?

A: I'm over my head, but I'll say okay. I don't know. I assume so.

Q: So you're not familiar with ratemaking principles that would have gone into a decision to approve those kinds of very large profit margins that you described, like for call-waiting.

A: At risk of offending Mr. Levy, when it gets to the economics and the ratemaking stuff, you know, I stay out of those waters.

Q: Thank you.

MR. LEVY: You can never offend an economist. There's nothing that you can say that we haven't heard before.

EXAMINATION

BY MR. LEVY:

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Q: On your recent-change proposal: As you describe it, I think I can understand how it might be applied to existing links. Could you tell me how it could be applied, if it could be applied, to new links?

A: Sure. I'm glad you asked that. First, you need to have the concept of two things need to happen to make the service work. The physical work needs to be done. So on a new link, on this diagram here, the line that looks like the railroad track, making the connection of the loop to the switch port, that's not there. So somebody has to physically make that connection.

Q: Let's make it clear which figure you're referring to.

A: I'm looking at Figure 1, and it's how Bell Atlantic is basically networked today. And on a new line, a second line, for example, Mr. Levy, if you called up Bell Atlantic and said I'd like a second line in my house, chances are that connection is not made today. So somebody has to make that connection.

Regardless of who makes the connection —

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Q: To the MDF?

A: Well, on the MDF. It has to put the railroad track line in there connecting the loop to a new switch port, to a switch port.

Q: Let's start further downstream, at the customer. Let's assume there is loop capacity in the local-distribution network, but we're talking about a total new service to a new customer. A new house is built next to my house on the street. Let's go through the steps now as you would see them occurring under your recent-change proposal.

A: There would need to be what I'll classify as outside-plant work that needs to be done. Somebody needs to roll up to this newly constructed house. And let's work under the assumption that there are some spare facilities in the street, or else this could get real ugly. But let's work under that assumption.

A Bell Atlantic technician would connect one of those spare facilities to the customer's network-interface device. They may or may not, if the customer hired Bell Atlantic, do the inside wiring. Bell Atlantic may also have to go to some distribution interface to connect that

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customer's loop to some transport to get it to the central office. But I'll classify that as all outside-plant work that needs to be done.

The inside-plant work that needs to be done is, the engineering of that loop would tell some inside-plant technician, a frame person, where that loop appeared on the MDF.

Q: So what you're saying is, that connection is already made.

A: The loop connection to the MDF, what's denoted by this black line, the heavy black line coming in, and the cable coming into the cable vault — that loop, that spare loop that was in the ground, has an appearance on their frame.

Q: When you say it has an appearance —

A: The connection is made on the

frame.

Q: Thank you. In other words, has the connection been made to the frame even before there's a customer identified for that loop?

A: Mr. Albert is shaking his head no. Let me go with what I know, and then maybe we can hear from Mr. Albert later.

Facilities come into cable vaults. This only shows one customer, but that one

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customer's line is connected to all the other neighbors. You had spare loop facilities. Those spare loop facilities come into a cable vault and are connected on the MDF on one side of this block. That cable and all the pair numbers are listed on that block. So it's Cable No. 100, Pair 1, Pair 2, Pair 3.

Q: Even the spares are connected?

A: In my experience, spares are connected. We can hear from Mr. Albert later. But in my experience, spares are connected.

Then a technician would have to, when that spare was assigned, the technician would have to run this railroad-track connection, or what we call cross-connection, over across the MDF frame to the switch port that was assigned to that new customer.

Q: So your recent-change approach does not eliminate the need for someone to make that cross-connection.

A: Absolutely not.

Q: On a new customer.

A: On a new customer — that's where I was going with this. For service to work for that new

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customer, two things have to happen: Physical work needs to be done, both outside plant, inside plant. Anticipating Mr. Albert's testimony — he shook his head no — even if that spare pair is not connected, physical work needs to be done to connect that spare pair on the frame so that this railroad-track kind of connection could be made. The bottom line is, physical work needs to be done.

Let's assume it's done and all that physical work is done for your second line. It still doesn't work, because some software work needs to be done in the switch to make the functionality of that loop work with the functionality of that switch.

So under AT&T's proposal to combine the elements with recent change, what we're suggesting is, if you came to AT&T and said you wanted that service or you wanted that second line, we would pay Bell Atlantic the cost-based appropriate rate — we're not looking for a free ride here. We would pay them to make these physical connections. On the due date the service still doesn't work. The functionality to that loop

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doesn't work until somebody tells the brains of the switch, "Mr. Levy has this second line on this switch port." On the due date, AT&T would go into the recent-change process and do that software work to make the functionality of the of the loop work with the functionality switch, effectively combining the elements in the software.

Q: Just to be clear, under your proposal, the physical connection between the loop side of the MDF and the switch side of the MDF would not be defined as a combination. In your proposal the combination would be defined as the moment the switch through an electronic instruction turned on that line. Is that correct?

A: Making that combination would be done through turning on that line in the switch,. So I should have answered that yes, and then made the clarifying point.

MR. LEVY: I know I've asked a few more questions. Do you have any followup?

MR. BEAUSEJOUR: I have a couple of questions by way of followup.

CROSS-EXAMINATION

BY MR. BEAUSEJOUR:

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Q: Referring to your Figure 1, Figure 1 from AT&T Exhibit No. 2: Where on this figure does the unbundled loop terminate? Just an unbundled loop.

A: If I were buying nothing but an unbundled loop?

Q: Correct.

A: It would be on the line side of the MDF, what's represented here as the line side of the MDF.

Q: And if AT&T were buying just an individual switch port, where on this diagram would that individual switch port terminate?

A: The switch ports appear on the MDF on what's labeled here as the switch side, or commonly known as the horizontal side in the central office of the MDF.

Q: Now, is that based upon your understanding of where they terminate, or is that based upon FCC definition, if you know?

A: It's certainly my understanding. I'd have to read the FCC order again; I'm sorry.

Q: You indicate that AT&T doesn't intend to enter the local market in Massachusetts by resale; correct?

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A: I am not the business guy here. All I'm representing is what I've heard my chairman say, and my chairman said, "We're not going to do any more resale." So when he says "any more," I have to think that this applies to this state as well as the other 49.

Q: Maybe a bit of an unfair question for you, given that answer; but what interest would AT&T then have in the level of the resale discount that's being established in this proceeding?

MR. JONES: Well, I will object to the unfairness of that question.

MR. LEVY: I think that is a little unfair.

MR. BEAUSEJOUR: It is a good question, however.

MR. LEVY: I had a feeling that question would come up sometime in the next two or three months, but I don't think he needs to answer that.

MR. BEAUSEJOUR: I have nothing further.

MR. LEVY: Any redirect?

MR. JONES: Could I take a few

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minutes?

MR. LEVY: Of course.

(Recess taken.)

MR. LEVY: Back on the record.

REDIRECT EXAMINATION

BY MR. JONES:

Q: Mr. Falcone, Mr. Levy asked you about the physical-plant work that's required to provide service under the recent-change scenario to his new next-door neighbor who is just moving into a new construction house and doing the physical work to connect that house back to the central office. Do you recall that?

A: Yes.

Q: Is that physical-plant work that you described, the outside-plant work, and the central-office work that you described assuming the spare line hasn't already been connected at the central office — does that change if you move from the recent-change approach to a UNE-platform approach?

A: No, it does not. The same amount of work would have to be done.

Q: Does it change if you move from a recent-change or a UNE-platform to a

resale

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scenario?

A: No. Again, simple logic: The physical work needs to be done no matter which flavor or variety of ways you serve that customer. The same work needs to get done.

Q: And we're back to an already-dead horse being beaten; but does it change if you move from a recent-change and a UNE-platform and a resale scenario to the Bell Atlantic collocation scenario?

A: No. Again, up to that point on the frame, all that manual, physical work needs to be done. All the Bell Atlantic collocation scenario is, it adds this much more manual work that needs to be done.

MR. LEVY: "This much more"?

THE WITNESS: For the purpose of the record, showing what's in Figure 5.

Q: Mr. Falcone, back to your Prego tomato sauce, where you describe the costs for the vertical features of a switch being zero because when you buy the switch you get those functionalities. Do you recall that?

A: I recall saying that.

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Q: Are you aware that in calculating the UNE switch costs in prior phases of this proceeding that some cost for vertical features was calculated and included in the switch costs?

A: Yes, I'm aware of that. And I didn't mean to imply, if it came out that way, that we were getting those features for free. I guess my point was that if the cost was truly cost-based, those features are so cheap for Bell Atlantic that that component of the features in the switch costs would be so small that it's all in there.

Q: And is it your understanding under the UNE costs as calculated that when you buy the switch UNE you are for that one price getting the switch functionalities, including the vertical features functionalities?

A: Yes, sir.

Q: And finally, just to ask you a general question: From AT&T's point of view, is collocation always a bad thing?

A: No, absolutely not. There are times when collocation is a necessary evil. If I have my own switch, which is not physically in the same spot as where the loops terminate — it might be two miles

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down the road — and yet I need access to the Bell Atlantic loops, I'm going to need to collocate some kind of facilities, whether they be transport facilities or remote switching facilities, to access those loops and deliver them to my switch. In those cases collocation is a necessary evil.

In the case when the loops and the switch that I want to purchase — again, looking at Figure 1 — are in the same building, in the same location, it doesn't make sense to have to collocate to combine the two.

MR. JONES: I have nothing further.

MR. LEVY: Thank you. Thank you very much for coming, Mr. Falcone.

THE WITNESS: Thank you, Mr. Levy.

MR. LEVY: Ms. Barbulescu, your witness.

MR. LEVY: Why don't you give your name and position for the record.

THE WITNESS: My name is Annette S. Guariglia. I'm a regulatory analyst for public policy, local competition group.

ANNETTE S. GUARIGLIA, Previously Sworn DIRECT EXAMINATION

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BY MS. BARBULESCU:

Q: Ms. Guariglia, do you have copies of your direct and supplemental testimony that was submitted in Massachusetts in this case?

A: Yes.

Q: And were these documents which were submitted April 28th and April 17th prepared by you or under your direct supervision and control?

A: Yes, they were.

Q: And do you have any changes or corrections to make to these documents?

A: No, I do not.

Q: And do you adopt these documents as part of your sworn testimony in this case?

A: Yes.

MS. BARBULESCU: Arbitrator Levy, Ms. Guariglia has an opening statement that she would like to make today, with your permission.

MR. LEVY: Fine. Let's first mark her direct testimony as MCI Combinations 1 and her supplemental as MCI Combinations 2.

(Exhibits MCI Combinations 1 and MCI Combinations 2 marked for identification.)

MR. LEVY: I'd be happy to hear the

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opening statement.

A: The purpose of my opening statement is to rebut comments made by Ms. Paula Brown and Ms. Amy Stern on May 1st, '98, with regard to Bell Atlantic's combination proposals and my testimony. Ms. Brown and Ms. Stern claim that UNE platform is a substitute for the resale of Bell Atlantic - Massachusetts's retail service. Contrary to these claims, it is incorrect to state that service offerings via UNEs and resale are equal. As stated in my testimony, resale is a service-based approach, while UNEs is a facilities-based approach. CLECs such as MCI are going to make a strategic choice between these two modes of providing service based on their overall objective as a company. MCI has made it very clear that it wants to be a facilities-based provider of local service, not a reseller of Bell Atlantic's retail local-service offering.

Resale, contrary to Ms. Stern's claims, does not offer MCI the pricing flexibility and product differentiation necessary for it to compete on a broad scale, because it causes MCI to be dependent on Bell Atlantic's retail structure.

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The effective use of UNEs is essential in encouraging facilities-based competition in the State of Massachusetts. The leasing of UNEs, because it is a facilities-based approach, gives CLECs some measure of control over the use of its open network facilities. Furthermore, Ms. Stern misinterpreted my testimony by stating that I implied that, quote, "resale is more complex and restrictive operationally than UNEs," unquote. In fact, my testimony states the opposite: Purchasing UNE combinations is more complex than resale because with the use of UNEs comes all the obligations and accountability associated with being a facilities-based provider of service.

MCI is willing to take on these additional obligations because in return MCI will gain more control over its network and its service offerings, which allows MCI to differentiate itself in the market.

Building a facilities-based network, however, is time-consuming and costly. MCI, because it does not have the ubiquitous facilities network enjoyed by Bell Atlantic today, needs to

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lease unbundled network elements until such time as it can ultimately replace those elements with its own

facilities.

With regard to Bell Atlantic's various proposals for UNE combinations: Ms. Brown claims that these proposals are, quote, "are substantial and promote competition," unquote. Unfortunately, this could not be further from the truth. It is undisputed that BA would offer UNE combinations if it so wished. BA instead, however, has proposed several proposals, all of which require some form of physical collocation, require multiple connections that increase costs, and create additional points of potential failures. Such proposals can hardly be described as efficient or as promoting competition.

Bell Atlantic's extended link proposal requires CLECs to incur additional transport charges and does not offer the benefits of traffic concentration. This proposal is not consistent with current ILEC forward-looking network design because it does not provide an efficient loop-transport combination for voice analog loops and DS0 transport combination. It is

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inefficient to dedicate a DS0 circuit of interoffice transport to each and every voice-grade analog loop.

CLECs need the efficiencies associated with digital-loop carrier equipment, with GR-303 capability, along with interoffice transport at the DS1 level, to access voice-grade analog loops. This is because most subscribers of voice-grade analog lines use their service intermittently, thus making it inefficient to dedicate transport to a single loop which will be idle much of the time.

Furthermore, this proposal is only available for three years. If a CLEC opted to use this option, it would have to collocate in every end office at the end of those three years or have a ubiquitous facilities-based network, which would be impossible for any carrier to replicate in that time frame.

The switch-subplatform proposal does not offer CLECs the ability to combine loop and port without physical collocation. This proposal only offers CLECs the ability to combine switching and transport on the trunk side of the switch.

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The virtual-collocation proposal, BA's virtual-collocation proposal, as testified by Mr. Kennedy, would allow a CLEC to virtually perform cross-connects. But from his testimony, it is apparent that the equipment is costly, has not been tested extensively for the purpose of remotely assembling UNE combinations, and in the end requires physical collocation of equipment by the CLEC.

Bell Atlantic has yet to provide a proposal for combination of UNEs that is as efficient as MCI's proposal. As I have stated in my testimony, MCI is proposing that Bell Atlantic combine UNEs for CLECs or keep them combined if they are already combined in their network, subject to the appropriate nonrecurring charges to CLECs based on forward-looking efficient costs.

MS. BARBULESCU: If I may, I have some questions for Ms. Guariglia with respect to some of the other testimony we've heard today.

MR. LEVY: We might as well do it.

Q: Ms. Guariglia, MCI is not only requesting a total combinations or a UNE platform, but also subsets of combinations; isn't that correct?

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A: That's correct.

Q: And one of those combinations would be a loop-transport combination; is that correct?

A: That's correct.

Q: You heard Mr. Falcone testify on behalf of AT&T today with respect to recent-change or RCMAC; correct?

A: Correct.

Q: And RCMAC would allow access to the total UNE platform or total combinations; isn't that right? Or it's been testified to.

A: My understanding is that RCMAC would allow you to complete some software changes associated with combining network elements. But then again, I'm not an expert on RCMAC.

Q: Would RCMAC allow MCI to get access to just the loop-and-port subcombination that MCI is requesting here?

A: No, I've been informed that RCMAC does not perform the loop-and-transport combination.

Q: And this is based on your understanding, is it not, that RCMAC is a switch-based technology?

A: That's correct.

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MS. BARBULESCU: I have no additional questions.

MR. LEVY: I have a couple.

EXAMINATION

BY MR. LEVY:

Q: Explain your loop-transport combination a little bit more, if you would. Explain how that would be used or for what purpose that would be used.

A: If MCI has a switch, as it does in downtown Boston, we would want to purchase the loop from the end user and to transport that back to our switch and then perform the switching functionality at our location wherever that switch is. We don't need Bell Atlantic's switching capability.

Q: Was it your understanding that before the policy change of Bell Atlantic, whenever that was, after the Eighth Circuit, that that combination was being offered to you?

A: I'm not sure if it was being offered in Massachusetts, but it is currently being offered in New York.

Q: I'm trying to get it back to pre-Eighth Circuit. At that time was it being offered in

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Massachusetts?

A: I don't know.

Q: This may be a definitional issue; it probably is. But when you say that the UNE platform permits facilities-based competition, I don't understand why leasing the whole set of facilities from Bell Atlantic is being defined by you as facilities-based competition.

A: First of all, I want to let you know that the term "platform" is not used internally at MCI. We just don't like that word at all.

MR. BEAUSEJOUR: It's an AT&T word.

A: Well, because it misrepresents our goal, and it misrepresents what UNEs are. UNEs are individual network elements.

Now, in some cases we might opt to purchase every element, which you refer to that as platform, if that's what you refer to it as. I would refer to it as total combinations. That would be in places where we don't have facilities.

Now, wherever we do have facilities, we would only purchase the elements that we currently do not have.

Q: I understand. I was trying to

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understand — I think the term "UNE platform" that I've heard — or maybe I was just interpreting it this — means, essentially the soup-to-nuts link all the way through switching to transport, whatever.

A: Right, because you would be —

Q: The total service, if you want to look at it that way.

A: Correct, because you're purchasing every element. And you

would do that until such time as [11] the company performing its business plans and [12] determines where they are going to invest in [13] facilities, and then replace those facilities that [14] you're purchasing with your own.

[15] **Q:** I understand. Even in that case, you [16] don't — I just want to distinguish that, until the [17] CLEC actually puts in facilities, we don't have [18] facilities-based competition; correct?

[19] **A:** Well, you do. By purchasing unbundled [20] network elements at cost-based forward-looking [21] costs, CLECs have the ability to compete on price [22] and to also manipulate their service offerings.

[23] In resale you're totally dependent on [24] Bell Atlantic's product and any product that they

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[1] roll out. We can't product-differentiate. There's [2] just no way. This way you could.

[3] **Q:** I understand that point. I think I'm [4] really just dealing with a narrow issue here, which [5] comes out of your statement that with the UNE [6] platform — that the UNE platform permits [7] facilities-based competition. All I'm saying is, [8] if one defines the UNE platform as the soup-to-nuts [9] combination of link through whatever is required to [10] provide total service, by definition it appears to [11] me to be not facilities-based competition.

[12] **A:** Perhaps I shouldn't have used the word [13] "platform."

[14] **Q:** I understand the case you're making that [15] where one or another UNE is combined with the [16] CLEC's own facilities, then we have a greater [17] element of facilities-based competition.

[18] **A:** Correct.

[19] **Q:** But I was trying to distinguish that [20] between the UNE-platform definition that I've heard [21] before.

[22] **A:** There are some other issues with regard [23] to offering unbundled network elements and resale, [24] such as the back-office support and the OSS systems

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[1] that have to be developed for each. MCI, because [2] we have chosen to be a facilities-based carrier, [3] our business strategy is all geared in that way. [4] So when we develop OSS's, we're going to develop [5] them to purchase UNEs. In many cases the OSS is [6] different than it is for resale.

[7] So you're making that investment one [8] time, hopefully, for your OSS, whereas it would be [9] a sunk cost if you were doing it the other way. If [10] you were resale and UNEs at the same time, that [11] would make no sense strategically.

[12] **MR. LEVY:** Mr. Beausejour, do you [13] have any questions?

[14] **MR. BEAUSEJOUR:** Yes, I do, Mr. [15] Levy.

[16] **CROSS-EXAMINATION**

[17] **BY MR. BEAUSEJOUR:**

[18] **Q:** Good afternoon, Ms. Guariglia.

[19] **A:** Good afternoon.

[20] **Q:** Am I correct that MCI's position [21] essentially is that the Department should order [22] Bell Atlantic to provide combinations of network [23] elements?

[24] **A:** Yes, it is.

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[1] **Q:** Let's assume for the moment that the [2] Department does not order Bell Atlantic to combine [3] UNEs for the CLEC. Does MCI have a proposal for [4] how MCI would obtain access to individual unbundled [5] network elements so that MCI could combine them for [6] itself?

[7] **A:** If you're asking me if MCI has an [8] alternative to this proposal, no, we do not, [9] because we have not found a proposal that is as [10] efficient. It's incomprehensible, at least to me [11] and my company, that we would introduce additional [12] steps in the provisioning of local service to our [13] end-user customers, because all that really [14] accomplishes is it increases costs and increases [15] additional points of potential failure. That [16] inherently just doesn't make much sense.

[17] **Q:** So MCI has no proposal in the event that [18] the Department does not order Bell Atlantic to [19] provide UNE combinations.

[20] **A:** No, we do not.

[21] **Q:** On Page 3 of your supplemental system, [22] MCI Exhibit No. 2, you make a statement at Line 11 [23] that collocation adds absolutely nothing to the [24] ability of MCI to connect UNEs like loops to its

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[1] own physical network but does discourage [2] facilities-based competition.

[3] If MCI wants access to Bell [4] Atlantic's local loops so it can connect to its [5] switch, how would MCI obtain access to those local [6] loops other than by collocating?

[7] **A:** We would request that Bell Atlantic [8] combine loop and transport, and we would transport [9] it back to our switch.

[10] **Q:** So in no instance would MCI have a need [11] to collocate in that scenario with Bell Atlantic?

[12] **A:** Correct.

[13] **Q:** And the loop and transport that MCI is [14] looking for, that is in itself a combination; [15] correct?

[16] **A:** Correct.

[17] **Q:** How is the loop and transport that MCI is [18] seeking from Bell Atlantic different from the Bell [19] Atlantic extended-link proposal?

[20] **A:** If I recall correctly, the extended-link [21] proposal did require one point of collocation per [22] LATA, physical collocation. It also did not offer [23] concentration of traffic. And MCI would have to [24] incur additional costs for transport. Aside from

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[1] that, this is a limited-time offering, limited- [2] time promotion, sale.

[3] **Q:** You mentioned it would require MCI to [4] have one point of collocation per LATA.

[5] **A:** That was my understanding.

[6] **Q:** Doesn't MCI already have multiple points [7] of collocation in each of the Massachusetts LATAs?

[8] **A:** I can't estimate how many points of [9] collocation we do have. But what I can say is that [10] requiring us to collocate prohibits competition, [11] because it's not based on any business plan that we [12] have. We might choose to collocate in certain [13] instances, but that would be based on a [14] comprehensive business plan.

[15] **Q:** Would you agree, subject to check, that [16] MCI already has multiple collocation sites in each [17] of the Massachusetts LATAs?

[18] **A:** Okay.

[19] **Q:** And so that in the instance where MCI has [20] those sites, there is no additional cost to MCI [21] associated with Bell Atlantic's extended-link [22] proposal?

[23] **A:** I don't know that that's true, because I [24] don't know what that additional transport would

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[1] cost.

[2] **Q:** Well, under your proposal, where we [3] deliver it directly to your switch, there would be [4] some transport from each of the end offices, [5] wouldn't there?

[6] **A:** Yes, there would be.

[7] **Q:** How is that transport any different from [8] the transport under Bell Atlantic's proposal?

[9] **A:** We would really have to look at it on a [10] case-by-case basis to determine the cost. If [11] you're asking if they equal the costs, I don't [12] know.

[13] **Q:** But you criticize Bell Atlantic's [14] extended-link proposal because it has additional [15] transport costs; correct?

[16] A: The proposal is that all the transport [17] would go into one collocation place, one point per [18] LATA, and then we would have to transport all that [19] traffic back to our switch, wherever it was. So we [20] could be going from left to right and down and [21] around, instead of — we could be doing a complete [22] U-turn, to quote Mr. Falcone, instead of a direct [23] shot.

[24] Q: How is delivering extended link to MCI's

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[1] switch in Boston any different than delivering it [2] to a single collocation node, say, in downtown [3] Boston?

[4] A: Could you repeat that, please?

[5] MR. BEAUSEJOUR: Could you read the [6] question back, please.

[7] (Question read.)

[8] A: Let me answer this question a little [9] differently. We might not opt to transport from [10] the northern part of the state to our switch in [11] Boston if it's not economical. I mean, in [12] situations like that we may opt to purchase the [13] unbundled switching network from Bell Atlantic.

[14] Q: But I'm just saying, what MCI wants for [15] extended link versus what Bell Atlantic has [16] proposed for extended link. You criticize our [17] proposal because of the transport. How is it any [18] different from what MCI's proposal is? I don't [19] understand the difference.

[20] A: We didn't say we wanted extended link.

[21] Q: You don't want extended link?

[22] A: We didn't say that that was what we [23] wanted. What we're saying is, we wouldn't want to [24] purchase every unbundled network element.

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[1] Q: Well, isn't extended link a combination [2] of the loop UNE and the transport UNE?

[3] A: Correct.

[4] Q: And isn't that a combination that MCI [5] would like to purchase?

[6] A: In some instances, yes.

[7] Q: So they do want to purchase whatever you [8] call it, something like an extended link.

[9] A: If that's what it is, yes.

[10] Q: I'm just trying to focus on what about [11] Bell Atlantic's extended-link proposal MCI finds [12] offensive. That's the only purpose for the [13] question. You've identified two: one point of [14] collocation and no concentration. Correct?

[15] A: Correct, especially for voice-grade [16] analog links.

[17] Q: Now, on the one point of collocation, MCI [18] has multiple collocations, so that isn't a problem, [19] is it?

[20] A: I couldn't say. That would have to be —[21] we'd have to examine that on a case-by-case basis. [22] I can't make a blanket statement like that.

[23] Q: Now, with respect to the issue of [24] concentration, that relates to your proposal that

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[1] the transport be provided over digital-loop carrier [2] with GR-303 capability?

[3] A: Correct.

[4] Q: Do you know whether Bell Atlantic has a [5] single GR-303 system deployed in Massachusetts?

[6] A: I personally do not have that knowledge.

[7] Q: Let's assume for purposes of this [8] discussion that Bell Atlantic has no GR-303 [9] interoffice transport systems in place in [10] Massachusetts. What would MCI propose then for the [11] transport?

[12] A: Well, MCI wants some sort of [13] concentration. GR-303 — and I'm assuming that [14] Bell Atlantic does use some form of concentration. [15] If I'm not mistaken, it's TR-008. I think it's [16] just a difference of degree. GR-303 is a [17] six-to-one concentration ratio. Other forms of [18] concentration are two-to-one. It's just the most [19] forward-looking, most efficient way to concentrate [20] traffic. Other CLECs have opted to use that, such [21] as Cincinnati Bell — ILECs, excuse me.

[22] Q: But in the event that Bell Atlantic does [23] not have the digital-loop carrier equipment with [24] GR-303 capability deployed in its interoffice

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[1] network, would you then be satisfied with Bell [2] Atlantic's proposal for extended link?

[3] A: No, we would not.

[4] Q: What would you then propose?

[5] A: I don't know what we would propose.

[6] Q: Would you propose that Bell Atlantic [7] purchase and install a digital-loop carrier with [8] 303 capability on behalf of MCI?

[9] A: Yes, I think we would.

[10] Q: And MCI would be agreeable to paying the [11] full cost for the purchase price, full price of our [12] installing that equipment for MCI?

[13] A: I don't know.

[14] Q: Why would you be hesitant about not [15] wanting to pay the full cost of the purchase of the [16] equipment, full cost for installation?

[17] A: I'd have to take a look. To the extent [18] that it upgrades Bell Atlantic's network as well, I [19] don't see why we would bear full cost for it.

[20] Q: Well, if the equipment is dedicated [21] solely to MCI in that instance.

[22] A: I don't know. I'd have to look at that.

[23] Q: As opposed to our purchasing the [24] equipment and installing it on your behalf, would

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[1] you have a problem with a virtual collocation for [2] that type of equipment so that it could serve MCI?

[3] A: I don't understand the benefits of [4] virtual collocation, honestly. It looks like [5] physical collocation to me. I don't know what the [6] difference is.

[7] Q: On Page 4 of your supplemental testimony, [8] Line 1, beginning on Line 1, you indicate some of [9] the problems with combining UNEs via physical [10] collocation. Is that correct?

[11] A: That's correct.

[12] Q: One of them you mention is that it may [13] make it impossible to accomplish testing of the [14] UNEs. Do you see that reference? That's on Lines [15] 3 and 4.

[16] A: Correct.

[17] Q: Upon what do you base that statement?

[18] A: On the multiple cross-connections that [19] are installed. I mean, it just makes it that much [20] more difficult to track a problem when you have to [21] check various places.

[22] Q: So that the testing is affected by the [23] number of cross-connects, in your understanding.

[24] A: That's my understanding.

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[1] Q: Did you check with any MCI engineer for [2] the purpose of preparing your testimony on this [3] point?

[4] A: I have consulted with various experts at [5] MCI, yes.

[6] Q: For the purpose of preparing your [7] statement?

[8] A: Yes.

[9] Q: If I could refer to you AT&T Exhibit [10] No. 2, the Figure 1 that we've been dealing with.

[11] A: Okay.

[12] Q: What is your understanding of where the [13] link UNE terminates in a Bell Atlantic central [14] office?

[15] A: I believe Mr. Falcone testified the same [16] way. It's at the line side of the MDF.

[17] Q: So on this picture it is the block [18] entitled Line Side.

[19] A: At the line side at the MDF, yes.

[20] Q: And what is your understanding of where [21] an individual UNE port terminates?

[22] A: At the switch, I believe, or at the [23] switch side of the MDF.

[24] Q: So it's either —

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[1] A: It's the switch side of the MDF.

[2] Q: So on this figure it is the block [3] entitled Switch Side.

[4] A: That's my understanding, yes.

[5] Q: On Page 23 of your direct testimony you [6] have a chart at the top portion of the page that [7] lists various alternatives. Do you have that?

[8] A: Yes, I do.

[9] Q: You indicate on Line 7 that the CLEC's [10] access to the RCMAC system, you note that it's not [11] available now and undefined. What's the basis for [12] your understanding that it's not available and [13] undefined?

[14] A: For use by the CLEC. We don't know that [15] it's in use now. I haven't seen it done myself, [16] personally. We are now currently investigating and [17] researching what RCMAC does. But at the time of [18] that testimony, I had no knowledge of that.

[19] Q: On Page 16 of your testimony, direct [20] testimony, on Line 19, you state, "There are tens [21] of thousands of nonrecurring charges that [22] BA-Massachusetts imposes as part of collocation."[23] Do you see that reference?

[24] A: Yes.

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[1] Q: You'd agree with me, wouldn't you, that [2] it's a bit of hyperbole on your part?

[3] A: I would agree with that, yes. I would [4] have rather put "millions and millions."

[5] Q: Would you agree that millions and [6] millions would be a little bit of hyperbole on your [7] part?

[8] A: Yes.

[9] Q: And you have a familiarity with the [10] collocation charges that Bell Atlantic has proposed [11] in Massachusetts, don't you?

[12] A: At a high level, yes.

[13] Q: And it's not even close to tens of [14] thousands.

[15] A: I don't think it's tens of thousands.

[16] MR. BEAUSEJOUR: Mr. Levy, I have [17] nothing further.

[18] MR. LEVY: Any redirect?

[19] MS. BARBULESCU: Could I have a [20] moment, please?

[21] MR. LEVY: Sure.

[22] (Recess taken.)

[23] MR. LEVY: Ms. Barbulescu?

[24] MS. BARBULESCU: I have just a couple

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[1] of questions.

[2] REDIRECT EXAMINATION

[3] BY MS. BARBULESCU:

[4] Q: At the beginning of your testimony today, [5] Mr. Levy asked you some questions regarding the [6] development of facilities-based competition. Do [7] you remember that?

[8] A: Yes, I do.

[9] Q: If MCI purchases total combinations from [10] Bell Atlantic, can you please explain how that [11] purchase of total combinations would advance [12] facilities-based competition?

[13] A: I want to try and make myself clearer, [14] perhaps, than I was before. I'm not sure. MCI and [15] other CLECs do not have the benefit of establishing [16] a ubiquitous facilities-based network because we [17] don't have the kind of capital that Bell Atlantic [18] had when they put their network in the ground. [19] That's why they're the only people with a [20] ubiquitous network in the ground.

[21] Unbundled network elements allows a [22] CLEC like MCI to purchase those elements that are [23] absent from its facilities-based network until such [24] time that we, being MCI, can replace the Bell

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[1] Atlantic-provided UNEs with our own UNEs. [2] Unbundled network elements, as opposed to resale, [3] as I stated previously, allows CLECs the [4] flexibility to develop their own products based on [5] their customer needs. It gives us a whole new [6] marketing strategy, because we can target customers [7] based on their needs and wants, developing new and [8] exciting services, and determine where we are going [9] to place facilities, thus creating an — creating [10] an incentive for facilities-based competition.

[11] With resale, I can't imagine that any [12] CLEC who was committed to facilities-based [13] competition, or competition in the local market, [14] would want to depend on resale. It just ties the [15] competitive local-exchange carrier to Bell [16] Atlantic's retail service. There's no way to [17] dissociate yourself from it. You have no control [18] over what product offerings are going to be [19] introduced. You have no control over the price at [20] which they're going to be introduced. As Mr. [21] Falcone testified, we have no control over our [22] margin. We only get the avoided cost — the [23] discount, the 29 percent discount. But it doesn't [24] give us the margin that Bell Atlantic would have in

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[1] marketing the same product.

[2] You just couldn't be an effective [3] competitor without your own facilities. In order [4] to acquire facilities, it's going to take some [5] time. It's not going to be next year or three [6] years or ten years. It took Bell Atlantic 100 [7] years or more to put their network in the ground, [8] absent competition.

[9] Q: Ms. Guariglia, could you conceptualize [10] that if MCI were to buy all of the UNEs from Bell [11] Atlantic, it could also purchase or develop [12] electronics to change the function of those UNE [13] combinations?

[14] A: It's my understanding that, yes, we can.

[15] Q: Thank you, Ms. Guariglia, I'd also like [16] to ask you a followup to questions Mr. Beausejour [17] was asking you about Bell Atlantic's extended-link [18] proposal. If MCI had its switch located in the [19] Prudential Center in downtown Boston and MCI was [20] collocated at a Bell Atlantic central office [21] somewhere else in downtown Boston, can you please [22] explain how Bell Atlantic's extended-link proposal [23] would add additional costs?

[24] A: It would add additional costs because we

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[1] would have to transport to the collocated space and [2] then turn around and transport to our switch, [3] instead of going directly to our switch. I can't [4] testify to the benefits of extended link, because I [5] don't see any from a facilities perspective, and I [6] don't know of any from a cost perspective because [7] they haven't presented any costs associated with [8] this service. So I don't know what benefit that [9] would be to the company.

[10] MS. BARBULESCU: No further [11] questions.

[12] MR. LEVY: Mr. Beausejour?

[13] MR. BEAUSEJOUR: Nothing, Mr. Levy.

[14] MR. LEVY: Thank you. Mr. Falcone, [15] we had one quick question for you.

[16] ROBERT V. FALCONE, Previously Sworn [17] EXAMINATION [18] BY COMMISSIONER VASINGTON:

[19] Q: Ms. Guariglia mentioned earlier that you [20] cannot do the subplatform combination of loop and [21] transport

with RCMAC, and she mentioned that that was her understanding. Is that also your understanding?

A: Absolutely it is true. But may I expound

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upon that?

Q: Please.

A: You certainly could only use recent- change capability to combine loops with switching or transport and switching, because it's a function of the switch. To combine loops with transport, there is an electronic means to do that, called a digital cross-connection frame. The one that I'm most familiar with is a Lucent product called a DACS frame, digital-access connection system. That lets someone remotely configure loops to transport. So, though it's not recent change, there is another electronic means that's available out there to allow loops to be combined with transport that wouldn't require collocation.

Q: So let's say AT&T was recombining network elements primarily using the RCMAC system and then decided that it wanted for some portion of customers to do just a loop-and-transport combination. It could do that also without using collocation?

A: That's correct, given the capabilities of the digital cross-connection systems which, according to the FCC order, we have. So there's no

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need to collocate to configure a loop to a dedicated transport system. Again, the physical work would be done by Bell Atlantic. The actual making the configuration could be done remotely, using this digital cross-connection system's capability.

Q: Thank you.

MR. JONES: Mr. Falcone is sort of back on the stand, and he's recalled the name of the second CommTech employee.

MR. LEVY: What is that name?

WITNESS FALCONE: I made a phone call during the break to CommTech to say who was it I was talking to. His name is Domenic Calabrese, and he's a former NYNEX employee, coincidentally. So he and Frank Loria are the two people I've been primarily discussing this issue with.

MR. LEVY: Thank you.

WITNESS GUARIGLIA: Can I add to Mr. Falcone's response?

MR. LEVY: Sure, if you're still here.

WITNESS GUARIGLIA: I'm sure he would agree with me that even though there's a, quote,

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solution, it still adds additional steps and costs, as opposed to having Bell Atlantic combine for us and we would pay them the forward-looking NRC associated with that work.

MR. LEVY: I don't want to start getting into a discussion between the two of you.

MS. BARBULESCU: Could I ask a followup question of Mr. Falcone?

MR. LEVY: Yes.

EXAMINATION

BY MS. BARBULESCU:

Q: What is the price associated with the DACS frame for doing loop-and-port combinations?

A: I have no clue. I don't know.

Q: And is it currently in use by CLECs for this purpose? Can you name one CLEC who is using it today for this purpose?

A: Not that I'm aware of.

MS. BARBULESCU: I'd like to ask as a record request for any cost data to support — to let us know a little bit about the DACS frame and any information on CLECs that might be used in the DACS frame today.

MR. LEVY: Would that be available to

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you?

A: I'm talking about a technical capability. The FCC order — in the dedicated- transport section of the FCC order, it clearly gives CLECs the right to purchase dedicated transport with digital cross-connection capability as an unbundled element at cost-based rates. What Bell Atlantic has established as the cost-based rate to use their digital cross-connection capability, I have no clue. If I bought an unbundled loop or an unbundled DS1 loop and had unbundled dedicated transport with digital cross- connection capability, I would be able to combine those elements remotely using that capability. It's a technical capability. That's all I'm discussing.

Q: You don't know what any of the costs associated with it are, do you?

A: No, not at all.

MS. BARBULESCU: I'd like to know what the costs are that are associated with it, if it's a proposal here.

MR. LEVY: I'm not sure he's making that proposal.

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MR. JONES: It's a little bit odd, because he was responding to a question, actually, from the Bench, not putting forward an AT&T proposal on this particular capability.

A: I'm just giving a technical capability that's out there. I'm not proposing that's a better way of doing it. I agree that the best way to do it is to have things combined by Bell Atlantic. But if the CLECs were in a position where they had to do this, combine the elements themselves, collocation is not necessary here. There is a way of doing it through this digital cross-connection capability. That's all I'm saying.

Q: So you're not testifying that the costs for this would be nonprohibitive?

A: I'm not testifying that at all. If they are truly cost-based, I would hope they're not prohibitive, but I don't know that.

MR. LEVY: Any further questions for Mr. Falcone? Thank you. Your next witness, Mr. Beausejour?

MR. BEAUSEJOUR: Thank you, Mr. Levy. I have Ms. Stern and Mr. Albert.

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(Recess for lunch.)

MR. LEVY: Let's go back on the record. Mr. Beausejour, you had a couple of witnesses today?

MR. BEAUSEJOUR: We're going to just call Mr. Albert this afternoon.

DON ALBERT, Previously Sworn

DIRECT EXAMINATION

BY MR. BEAUSEJOUR:

Q: Mr. Albert, I have a couple of questions on Ms. Guariglia's testimony. To your knowledge, does Bell Atlantic use concentration anywhere in its Massachusetts interoffice transport network?

A: No, we don't.

Q: Does Bell Atlantic use concentration anywhere in its Massachusetts loop-transport network?

A: We don't use it there either. The answer is no.

Q: Could you explain why Bell Atlantic doesn't use concentration in its transport networks?

A: Yes. And probably it's an important distinction to draw between multiplexing versus

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concentration, to get that difference. With multiplexing you're taking a number of inputs, and you're aggregating them into a different format. But with multiplexing the equivalent number of inputs — say, 24 — is still equal to an equivalent number of outputs. It

might be in a [7] different digital format, and it might be [8] aggregated together with multiplexing.

[9] In contrast, concentration has a [10] larger number of inputs than the outputs. So the [11] outputs are smaller. There is not one output for [12] every input. With concentration, which is [13] typically a function of the switching machines, [14] fewer inputs and fewer outputs, that concentration [15] does not occur either in our loop transport [16] networks or in our interoffice transport networks.

[17] We do multiplexing. We'll aggregate [18] signals. The inputs in a different digital [19] hierarchy will equal the equivalent outputs; but we [20] don't concentrate.

[21] Where you concentrate, inevitably [22] you'll get some degree of blockage. You've got [23] fewer points coming out than you do coming into [24] it.

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[1] **MR. LEVY:** So this GR-303 equipment [2] that was referred to earlier is concentration [3] equipment or multiplexing equipment?

[4] **THE WITNESS:** Both. It does both of [5] those functions. It will multiplex as well as it [6] will also concentrate. So the switching function [7] of concentration that performs that, the [8] transmission function of multiplexing, it also [9] performs that.

[10] **Q:** Mr. Albert, does Bell Atlantic have any [11] GR-303 systems in its Massachusetts interoffice [12] transport network?

[13] **A:** No, we do not.

[14] **Q:** Do we have any of those types of systems [15] in our loop transport network in Massachusetts?

[16] **A:** No, we do not.

[17] **Q:** Could you comment on Mr. Falcone's [18] contention that the recent-change system provides [19] for the unbundling of link and port UNEs?

[20] **A:** Yes. My opinion is, the recent change [21] does not unbundle switching from the loop or from [22] the link. Recent change will put dial tone on a [23] line, and it will take dial tone off of a line, or [24] it will put features on a line and take features

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[1] off of a line. But the recent-change capabilities [2] of the switch don't do anything at all to identify [3] which switch port is either connected or associated [4] with a particular link or a particular loop. It [5] will not do that at all.

[6] If we go to the famous Figure 1 [7] diagram: What the recent-change capability will do [8] is, it will, as I said, it will turn dial tone on [9] or it will turn dial tone off. But it will not [10] connect or associate the link to that particular [11] switch port. The only thing that connects, [12] combines, the link to the switch port are the [13] railroad tracks, and these railroad tracks are [14] not — the physical running of the connections, [15] that is not affected by the recent change. You can [16] through a recent change have the railroad tracks in [17] place or they can not be there and with recent [18] change you can still turn dial tone on, turn dial [19] tone off. It's strictly modifying the function of [20] the switch.

[21] **MR. LEVY:** First of all, can we [22] assign a name to the railroad tracks, other than [23] "railroad tracks"?

[24] **THE WITNESS:** That would be the

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[1] cross-connection from the line side of the main [2] distributing frame to the switch side of the main [3] distributing frame.

[4] **MR. LEVY:** And when you say that the [5] recent change can do whatever it was going to do [6] even if that isn't there —

[7] **THE WITNESS:** That's right. For [8] instance, if a CLEC provided the loop, the recent [9] change would still turn the dial tone on and still [10] turn the dial tone off to the switch port. But the [11] connection from that loop to the switch port, the [12] combining of the two, is the railroad tracks, the [13] cross-connection that runs from the line side to [14] the switch side. As an addition to that —

[15] **MR. LEVY:** Before you do, I'm just [16] trying to distinguish between semantics here and [17] reality. Tell me what's wrong about what I'm about [18] to say. Is all you're saying that there has to be [19] a cross-connection between the line side and the [20] switch side to make a complete circuit?

[21] **THE WITNESS:** To combine the elements [22] together, yes.

[23] **MR. LEVY:** I'm trying not to use the [24] word "combine" because people are using that in

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[1] different ways. I'm talking about the creation of [2] a circuit. I think what you're saying is that a [3] full circuit that would include loop all the way to [4] switching does not exist unless there's a cross- [5] connection between the line side of the MDF and the [6] switch side of the MDF.

[7] **THE WITNESS:** That's correct.

[8] **MR. LEVY:** And I think you're also [9] saying that even if that cross-connection doesn't [10] exist, the switch could be programmed in such a way [11] that the port can be deemed to have or not have [12] certain functionality based on what's been [13] programmed.

[14] **THE WITNESS:** That's correct.

[15] **MR. LEVY:** The fact that the port [16] does or does not have dial-tone capability doesn't [17] mean anything unless it's connected to some link; [18] right? In terms of providing customer service?

[19] **THE WITNESS:** In terms of providing a [20] dial-tone service?

[21] **MR. LEVY:** Right.

[22] **THE WITNESS:** You'd need both of them [23] together. And the switch has no idea what link [24] it's connected to.

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[1] **MR. LEVY:** I understand that.

[2] **THE WITNESS:** There's nothing in the [3] switch at all that says, "Aha, that's the link I'm [4] connected to."

[5] **MR. LEVY:** But the RCMAC knows which [6] port is being given which instructions; correct?

[7] **THE WITNESS:** That's correct.

[8] **Q:** Could you comment on Mr. Falcone's [9] contention that changes in the MACSTAR system could [10] possibly be effected in six months at minimal [11] cost?

[12] **A:** To develop the capability of having CLECs [13] going in through the recent change and turning dial [14] tone on, turning dial tone off, there's a lot more [15] systems and components that need to be developed [16] than just the MACSTAR system. In Massachusetts [17] we've got two systems, MACSTAR and CCRS. The [18] acronym CCRS, there's a Bellcore system that does [19] the same thing. Both of those systems are capable [20] of being used as an option by Centrex customers for [21] adding features to and taking features off of a [22] subset of their Centrex lines.

[23] Now, in Massachusetts, both of those [24] systems are capable of talking to the different

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[1] switch types, but we've got some of our switches [2] that are hooked up to MACSTAR and some of our [3] switches that are hooked up to CCRS. We're not [4] about to throw either of them away.

[5] Now, in addition to that, the MACSTAR [6] system talks to another operations system, another [7] recent-change system, between itself and the [8] switch. To develop this overall capability, [9] development work is required not only in the [10] MACSTAR and the CCRS systems; it's also developed [11] in the — the development is also required in the [12] operations recent-change system that talks to the [13] switch, and development is also required in the two [14] different

vendors' switch types.

[15] The things I talked at the hearings [16] last time — there were a number of technical [17] issues, challenges, that would need to be solved in [18] order to completely create this capability. A [19] couple of more important ones were the aspect of [20] security and the aspect of contention. Contention [21] is the issue of the number of recent-change [22] messages that can be heading to the switch at any [23] one point in time and that can be processed by the [24] switch. You get into queuing or stacking up, in

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[1] terms of what the switch is able to receive and [2] process.

[3] Now, with the recent-change [4] alternative, as we've described it, that would [5] basically double the number of messages that we [6] would have to send to the switch in connection with [7] an order, the quantity of recent-change messages.

[8] **MR. LEVY:** Why?

[9] **THE WITNESS:** Because if we're [10] doing — if Bell Atlantic is just doing the turn-up [11] work in the switch, it's one recent-change message [12] that would set all the features, set the dial tone, [13] set the telephone number. If we're going to a [14] two-stage process, where Bell Atlantic does those [15] recent changes but then the CLEC comes in further [16] to then activate the dial tone, that then is then [17] two messages to the switch for that order, as [18] opposed to just the one, if Bell Atlantic was doing [19] it in the singular shot as we do it today.

[20] **MR. LEVY:** How is that different from [21] a Centrex user who comes in to do the same thing?

[22] **THE WITNESS:** With Centrex, what [23] they're doing is, they're changing features on the [24] lines that are already set up and defined in the

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[1] switch. They are able, once we have established [2] the line in the switch, to change call-waiting or [3] change speed calling.

[4] **MR. LEVY:** Or stop dial tone?

[5] **THE WITNESS:** I guess they could. [6] Typically it's not used for that.

[7] **MS. EVANS:** They don't use that [8] system to move a line — a Centrex user can't use [9] the system to move a telephone line from, say, one [10] office to another? In other words, I don't want [11] 1234 in that office any more, I want to move all [12] the functionality associated with Extension 1234 [13] and move it into the next office?

[14] **THE WITNESS:** They'll use it in [15] connection with other things to do that. They can [16] change the telephone number. That's one of the [17] features. The telephone number that rides on a [18] cable pair, they can change that. So when they get [19] into the moves, the changes, the rearrangements, [20] taking a telephone number and moving that from one [21] of their Centrex lines to another, different [22] Centrex line, in connection with other rewiring [23] that they would be doing at the customer prem., [24] that's probably the most typical example where you

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[1] see the Centrex subscribers doing that.

[2] **MS. EVANS:** Could I do that, though, [3] assuming for this example that the station wiring [4] is in place all the way back to the switch, could I [5] do that as a Centrex user without doing any [6] wiring? I'm simply sitting at my desk and I want [7] to program, I want my calls to now be at another [8] location. My phone number, the associated [9] software, my call-waiting, my forwarding, my speed [10] call, and all that type of thing, I want it to be [11] in another office because I'm moving offices. [12] Could I do that through these systems as a Centrex [13] user?

[14] **THE WITNESS:** If everything was [15] previously wired correctly and if the line that you [16] were moving from and the line that you are moving [17] to were both set up as part of the Centrex system, [18] then you could do that.

[19] I guess the other thing to add is, [20] for our own end users, we do not use the MACSTAR or [21] the CCRS systems to put dial tone on a line or to [22] take dial tone off of a line. We don't use that [23] for our own residence customers; we don't use that [24] for our own business customers; we don't use that

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[1] for our own Centrex customers.

[2] **MR. LEVY:** On this contention issue: [3] Explain to me a little bit more about the degree of [4] blockage that you believe might occur and what that [5] would actually mean in terms of the speed with [6] which messages arrive at the switch.

[7] **THE WITNESS:** I think what it means [8] is that there will be further development work to [9] improve the current switching arrangements, so that [10] those would not then be problems.

[11] **MR. LEVY:** That's not what I'm [12] asking. I don't have a sense of the magnitude of [13] the problems. For example, I don't have a sense of [14] what normal blocking rate you expect on messages to [15] a switch and how much capacity you put on those [16] input lines or whatever you would call them going [17] to the switch. In other words, you're asserting [18] that this contention issue is an issue, and I don't [19] have a sense of the order of magnitude or why you [20] think it is of that order of magnitude.

[21] **THE WITNESS:** I'm not sure of the [22] order of magnitude. It's an issue, I think, [23] that — I think there will be problems with it, [24] because we are experiencing problems today with it

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[1] in some switches. In particular, switches that [2] have a more-than-typical amount of Centrex [3] subscribers and in switches where more than a [4] typical amount of those Centrex subscribers use the [5] MACSTAR or the recent-change capability, there are [6] cases of those where we've encountered contention [7] problems today.

[8] **MR. LEVY:** What does it mean, [9] though? Does it mean that the signal doesn't go [10] through for five minutes or for 30 seconds or an [11] hour and a half?

[12] **THE WITNESS:** We've had ones up to [13] hours. You can get up easily to the messages being [14] backed up for a three- or four-hour period.

[15] **MR. LEVY:** Then are they queued?

[16] **THE WITNESS:** Queued and you get some [17] other oddities if the queues get too big and too [18] long and the messages start to get garbled and [19] lost.

[20] **MR. LEVY:** But there's a buffer [21] somewhere that collects the queue.

[22] **THE WITNESS:** Yes.

[23] **MR. LEVY:** And then as the switch [24] frees up they come by one by one or two by two and

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[1] the message comes through?

[2] **THE WITNESS:** Yes. The queues that [3] occur in the switch-tie support system that we do [4] our recent changes through, we ourselves, for our [5] own end users, don't use the MACSTAR and the CCRS [6] system. There's another system between it and the [7] switch which we use to make those types of changes [8] for our own end users.

[9] **MR. LEVY:** What is that one called?

[10] **THE WITNESS:** RMAS is the acronym [11] you'll most typically hear referred to for that [12] system.

[13] **MR. LEVY:** What does that mean?

[14] **THE WITNESS:** Recent memory [15] administration system. I think it's short for [16] recent change.

[17] **MR. LEVY:** Is that the one you would [18] use for turning dial tone on and off?

[19] **THE WITNESS:** Yes. Our switch [20] technicians would work through that,

and that in [21] turn works through the switch to get the messages [22] to it.

[23] **MR. LEVY:** So your technicians would [24] be sitting at an RMAS terminal.

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[1] **THE WITNESS:** Yes.

[2] **MR. LEVY:** And they'd put through [3] changes with regard to dial tone, with regard to [4] features, and so on.

[5] **THE WITNESS:** And new lines. And [6] those then queue up within RMAS and then they'll [7] queue up to another degree within the switch.

[8] **MR. LEVY:** And I guess the logical [9] question that would follow is: Why couldn't a CLEC [10] have a RMAS-like system that would then feed into [11] the MACSTAR and CCRS system the way you do?

[12] **THE WITNESS:** I think that gets back [13] to my point: Technologically you can develop, with [14] enough time and enough money, to put a man on the [15] moon. I'm sure we could develop something like [16] what you're describing.

[17] **MR. LEVY:** I'm asking for something [18] simpler, which is why couldn't they just have an [19] RMAS terminal that had a security system on the [20] back end of it to make sure that unauthorized [21] people weren't using it?

[22] **THE WITNESS:** I think you could [23] develop that just as similarly as you could develop [24] the MACSTAR or the CCRS system. I think either of

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[1] those options would be a way to develop lots of [2] people all being able to go in and make changes. [3] But it gets back to you've got major issues for [4] both security and firewalling and for the [5] contention that would require investigation and [6] development so that there would not be problems.

[7] **MR. LEVY:** Those sound like the same [8] kinds of issues that revolve around CLEC use of [9] other OSS's that the company has in place. Are [10] they qualitatively different?

[11] **THE WITNESS:** They're different [12] because these ones are specific to the recent- [13] change operation-support system and specific to the [14] switch. The other systems that we have developed [15] over a number of years for — we recently have for [16] CLECs, none of those systems or development come [17] through and touch the switch or touch the recent- [18] change system. They come in on the ordering [19] systems. They come in on the maintenance systems. [20] They come in through the systems that exist for [21] preordering.

[22] **MR. LEVY:** I understand they do. But [23] my understanding of earlier company testimony is [24] that the design of those OSS interfaces to the

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[1] CLECs is such that in essence in great measure the [2] combination of OSS's downstream of this CLEC [3] interface is designed to work in a similar fashion [4] as to when a Bell Atlantic employee is approaching [5] those OSS's through his or her interface. So I'm [6] trying to understand in what way this would be [7] qualitatively different from a CLEC interfacing the [8] rest of the Bell Atlantic OSS's.

[9] **THE WITNESS:** In terms of having to [10] develop security, I think you'd have to develop [11] security the same way. I don't think the issues [12] are significantly different. It's the same issues [13] applied to systems that they haven't been applied [14] to previously and applied to the switching machines [15] themselves, which those issues always haven't been [16] applied to previously.

[17] **MR. LEVY:** But once again, from [18] earlier company testimony, I thought, for example, [19] that on the ordering and provisioning OSS's, at [20] least some of them ended up interfacing with the [21] recent-change OSS, so that orders could flow [22] through when they're put in by the CLECs.

[23] **THE WITNESS:** That's correct. The [24] orders will eventually come down — the

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[1] recent-change operations system is a provisioning [2] system, and it is in the downstream flow from those [3] CLEC orders that will be input up at the very head [4] end. So it is one of the, I don't know, three or [5] four major provisioning systems that are all [6] downstream for those incoming CLEC orders.

[7] **MR. LEVY:** Thank you. Mr. [8] Beausejour, I think I interrupted you.

[9] **MR. BEAUSEJOUR:** You did, but that's [10] fine. I just have a few more questions, Mr. Levy.

[11] **Q:** Mr. Albert, Mr. Falcone indicated that [12] Bell Atlantic does not remove connections when [13] customers move. Can you comment on that?

[14] **A:** Yes. That's not completely correct, [15] either. For residential customers, with a customer [16] moving out and another customer moving in, we will [17] try to leave in place the connections and reuse [18] them. Now, we're not always successful in doing [19] that, because in order to leave them in place, for [20] every one that you leave you need spare loop [21] facilities, you need spare switching facilities, [22] you need them available spare for whatever period [23] of time before the new customer moves in. So for [24] residence, yes, we try to leave them in place, but

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[1] we're not always successful in accomplishing that.

[2] For business and for Centrex we do [3] not leave them in place. Those the railroad track, [4] the connection from the line side to the switch [5] side, those connections are taken down at the time [6] a customer disconnects their service. So only in [7] the residential environment and only for [8] residential first lines do you find us leaving them [9] in place and then trying to reuse them. But for [10] second lines, businesses, Centrexes, PBXs, the [11] connections come down at the time the service is [12] disconnected.

[13] **MR. BEAUSEJOUR:** Mr. Levy, I have no [14] further questions.

[15] **MR. LEVY:** Thank you. Mr. Jones or [16] Ms. Barbulescu?

[17] **MR. JONES:** I have a few, if I [18] could.

[19] **CROSS-EXAMINATION**

[20] **BY MR. JONES:**

[21] **Q:** Mr. Albert, are you familiar with Bell [22] Atlantic's OSS development cost study submitted in [23] this docket?

[24] **A:** No.

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[1] **Q:** Are you familiar with Bell Atlantic's OSS [2] cost studies submitted in any New England or New [3] York jurisdiction?

[4] **A:** No. I'm familiar with the ones in the [5] South to some degree.

[6] **Q:** In the OSS cost studies submitted by Bell [7] Atlantic South, do those include costs for [8] modification of the service-provisioning [9] operating-support systems for Bell Atlantic South?

[10] **MR. BEAUSEJOUR:** I'll object. I [11] don't see where the question is relevant.

[12] **MR. JONES:** Well, it goes directly to [13] following up on what you were asking about, Mr. [14] Levy, which is: What are we talking about here in [15] terms of time and cost to solve all the problems [16] that Mr. Albert claims would exist with the [17] recent-change capability?

[18] **MR. LEVY:** Let's proceed.

[19] **Q:** Do you recall my question?

[20] **A:** Hit me with it one more time.

[21] **Q:** In the OSS development cost studies [22] submitted by Bell Atlantic South that you're [23] familiar with, do those cost studies reflect [24] development costs to modify Bell Atlantic South's

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[1] provisioning operating-support sys-

tems?

A: There were a number of OSS cost studies. I'm not sure which ones did include those costs. But I know those costs were quantified and included in some portion of the cost studies. I'm not familiar enough with the total structure of each and every one of the different cost studies that was done to know which one of those that those costs wound up in, but they did wind up in one of them.

Q: Do you know whether in any of those cost studies Bell Atlantic South is requesting recovery of costs it claims it incurred to modify its provisioning operating-support systems in order to make them CLEC-usable or -accessible?

A: To make those systems accessible by the CLECs?

Q: The provisioning OSS's usable by or accessible to CLECs.

A: In the systems in the South, I'm not aware of any of them for provisioning that are directly accessible by a CLEC. They are downstream of the ordering systems, which are accessible by the CLECs.

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Q: Let me phrase it differently. Did any of the OSS development cost studies reflect or include costs to modify the provisioning OSS's?

A: I think that's what you had asked a question or two before this, and I said yes, I wasn't sure which study that was in, but they were in one of the number of ones that were done.

Q: In the Bell Atlantic - New York prefiling statement, which is AT&T Exhibit Combinations 3, Bell Atlantic has made various representations or commitments to the New York Public Service Commission with respect to modifications to its operating support systems, has it not?

A: I believe that's in there.

Q: Including modifications to its provisioning OSS's; is that correct?

A: If you have the document in front of you and you see that, I'll accept that as correct. I have not read that portion of it myself enough to know that off the top of my head.

MR. BEAUSEJOUR: Mr. Jones, are you referring to a specific page of the document?

MR. JONES: I am not.

Q: Mr. Albert, do you know whether it's the

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representation of Bell Atlantic - New York in the prefiling statement as a general proposition that it will attempt to modify, upgrade, whatever the right verb is, its operating support systems so that those will provide flow-through capability for CLEC service ordering and provisioning?

A: No, I'm not familiar to what degree that's in there.

Q: Do you know whether Bell Atlantic has, or NYNEX before it, has conducted any sort of business case to analyze the time and expense that would be involved to modify either the MACSTAR and CCRS systems or to modify the RMAS system, to make those systems accessible by and usable by CLECs?

A: When we had the hearings last time, I said we were working towards trying to better understand in detail the specifics of what would be involved to do that. Really, one of the greatest difficulties we're having is establishing and speccing out in sufficient detail how security will be handled.

When I mentioned a couple of major issues, it's easy to say you've got to put up a firewall and wave your hands, but when you have an

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environment where MACSTAR and CCRS today have just a narrow universe of Centrex subscribers, they can only access and do things to their predefined lines, that's much different than the security environment you'd have to have for a multiple number of CLECs being able to access the entire switch and do something to any line at all in the switch. We've been trying to work through to specify —

Q: Mr. Albert, my question was quite specific. Let me ask it again. Are you aware as to whether Bell Atlantic has performed a business-case analysis to determine the time involved and the cost involved to modify either the MACSTAR or CCRS, on the one hand, or the RMAS system, on the other hand, to make them available to or accessible by CLECs?

A: I was trying to explain, that's what I've been working on, and that the steps and the complications and the detail required —

Q: Mr. Albert, has it been done or hasn't it been done?

A: No, we have not finished doing it.

Q: Thank you, sir. Now, did Bell Atlantic

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or NYNEX before it conduct a business-case analysis, to your knowledge, at some point in time to determine the time involved and the expense involved in order to provide Centrex customers with access to the recent-change capability of the switch?

A: I don't know. I mean, that is a tariffed capability that is available. There are, I would assume, cost studies that are behind that, but I really don't know.

Q: How long has that capability been available to Centrex customers?

A: I'd say since the mid-to early '80s.

Q: Since you haven't completed a business-case study at this point, Mr. Albert, you can't quantify — the company hasn't quantified the time period that would be required to make modifications of the sort we've been talking about to either the MACSTAR-slash-CCRS or RMAS systems; is that correct?

A: The hearings that we had last time, my best estimate was more than a year for those systems and also for the switches, those being all the different piece parts that would require

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further development work in order to create this type of service and capability.

Q: Is there a document that exists today within Bell Atlantic which sets forth the analysis and sets forth a conclusion as to the amount of time that would be required to make the modifications of the sort we're talking about either to MACSTAR/CCRS or to RMAS?

A: No.

Q: Is there a document that exists today that sets forth an analysis and reaches a conclusion as to the cost that would be involved to modify either MACSTAR-slash-CCRS or RMAS in the way we've been talking about?

A: No. That's what we're working on.

Q: And when is it projected that your work will reach a conclusion?

A: I really don't know. The biggest dilemma we've had is trying to figure out how to really spec out security, how that will operate and function in the multi-CLEC environment, so that we could even get that figured out in enough detail to take it to the vendors to get them to give us a price quote. At this point we have not been able

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to spec out and develop an approach to that that we think would work, to function and operate as well as then to be in enough level of detail to be able to get the vendors to quote back to.

Q: Have you personally had any con-

versations with the vendors of either MACSTAR or CCRS concerning the security issues?

A: Me personally?

Q: Yes.

A: No.

Q: Do you know how long it took from beginning to end for — let's stick with NYNEX — whenever it happened, for NYNEX to perform the analysis to determine how to resolve the security issues at the time it developed the access to the recent-change systems that it made available to Centrex users?

A: No. That was initially really rolled out as an AT&T product. The MACSTAR system was initially developed from Bell Labs, from AT&T, and rolled out in connection with their switches. I think the 1AESSes were the very first switches that came out.

Q: Just so it's clear to me, Mr. Albert:

The RMAS system that Bell Atlantic employs is a recent-change — provides recent-change functionality. Is that an accurate statement?

A: It's in the flow of getting recent-change messages sent to the switch. It's used to create the messages —

Q: And between the RMAS system and the switch there is no intervening —

MR. BEAUSEJOUR: Mr. Jones, he didn't finish his answer.

MR. LEVY: Finish your answer.

A: The rest of the answer is that system is used to create the messages and then to then store and send those messages to the switch and to get acknowledgments back.

MR. LEVY: And as we said before, I think you said before, the RMAS is where the Bell Atlantic technician would send the message.

THE WITNESS: Right. This recent-change system, it's where the message is then created and sent from to the switch.

MR. LEVY: So the Bell Atlantic technician is inputting into RMAS, and then the order flows through MACSTAR or CCRS. Is that

correct?

THE WITNESS: No. For Bell Atlantic, working on an order for its own end users, we never touch or use the MACSTAR or the CCRS systems. When we turn dial tone on and off for our own users, when we modify features, it never hits either of those.

MR. LEVY: So the RMAS is the recent-change operating support system for Bell Atlantic.

THE WITNESS: Right.

MR. LEVY: The other one, the MACSTAR or the CCRS, is only for Centrex users?

THE WITNESS: That's correct. That's the point I was trying to get at: That's only for Centrex customers, and only for them to make these defined changes to their predetermined lines that are part of the Centrex group.

MR. LEVY: Is there any intelligent communication between MACSTAR or CCRS and RMAS?

THE WITNESS: Yes.

MR. LEVY: In which direction, by whom?

THE WITNESS: When I said "yes," the

recent-change messages flow from there into the switch.

MR. LEVY: Is there any flow between MACSTAR-slash-CCRS and RMAS?

THE WITNESS: Yes.

MR. LEVY: Explain that flow.

THE WITNESS: The messages that are created in MACSTAR are then further buffered and created — it's kind of like a short cut that's done in MACSTAR. And then in RMAS is where they go into the hopper with all the other messages that are being sent to the switch. So PIC changes, new lines, feature changes — we'll also dump bulk PIC changes from RMAS as those come from the long- distance carriers.

MR. LEVY: So I could consider MACSTAR or CCRS as kind of a buffer or interface between a Centrex customer and RMAS.

THE WITNESS: Yes.

MR. LEVY: Whereas a Bell Atlantic technician goes directly into RMAS.

THE WITNESS: That's correct.

MR. LEVY: Thank you.

Q: And in fact, for Bell Atlantic, if you're

talking about service provisioning where physical facilities are already in place and you're using your OSS's and an order is flowing through, no Bell Atlantic technician actually directly accesses RMAS, but, rather, the directions to RMAS come from other OSS's originating with the service-order agent, or whatever the right term is. In a flow- through situation, isn't that how it functions?

A: I'm assuming when you say flow-through, you mean completely flowing through the ordering, as well as the provisioning systems, as well as getting the service actually activated in the switches and delivered to the end user.

Q: Good assumption.

A: Yes, it does go through without technician involvement in those cases, for that definition of flow-through.

Q: And when a Centrex customer wants to use the recent-change functionality to change its service assignments, its initial interface or point of contact with the recent-change system is either to, depending on what's at the central office, the MACSTAR or the CCRS? Is that accurate?

A: Say that one more time.

MR. JONES: Could I use the board?

MR. LEVY: Sure, if you think it will help.

Q: Mr. Albert, here's a Centrex customer, and here's a regular old plain me, Bell Atlantic customer. The residential customer orders service, talks to a Bell Atlantic order-taker, and in the complete flow-through environment that I just asked you about a minute ago, everything flows through. The human being here, the Bell Atlantic order- taker, when I'm ordering this service enters an order in the system and from that point forward everything flows through the OSS's electronically. Correct? Ordering, provisioning, setting up the billing record, all of that is done electronically in the complete-flow-through scenario.

A: For the types of orders that are able to flow through and if all the facilities are there and preprovisioned and in place, yes.

Q: Which is what I was trying to say a short cut by saying "a complete-flow-through scenario," so we don't have to add those every time.

And among the things that flow through are the RMAS system, which then talks

directly to the switch. Is that correct? The recent-change functionality flows through and goes directly from RMAS to the switch?

A: Generally, the way you've drawn is correct. The middle piece, where you've labeled OSS's, there are a number of other systems, and they aren't all serial in operation.

Q: No, they're all over the place. Some